Daily Report

Latin America

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Cuba

PDRY Party Leader Makes Departure Statement

EA1005223488 Aden Domestic Service in Arabic
2245 GMT 9 May 88

[Text] Brother 'Ali Salim al-Bid, secretary general of the Yemen Socialist Party [YSP] Central Committee, and his delegation concluded an official and cordial visit to the socialist Republic of Cuba today. During the visit, which lasted 5 days, he held talks with party and government leaders in Socialist Cuba led by Comrade Fidel Castro, first secretary of the PCC Central Committee, and chairman of the Councils of State and Ministers in Socialist Cuba. The talks centered on relations between the two friendly countries and parties and future prospects.

The brother secretary general and his delegation were accorded a large official and popular farewell by Comrade Fidel Castro, party and government officials, leaders of mass organizations in Cuba, members of the diplomatic corps accredited to Cuba, and large crowds of Cuban people and Yemeni students studying in Cuba.

On his departure, the brother secretary general made the following statement:

I am very satisfied with the success of my visit at the head of a party and government delegation to Socialist Cuba and with the fruitful results of our talks with the PCC leadedrship, led by Comrade Fidel Castro, first secretary of the PCC Central Committee and chairman of the Councils of State and Ministers in Socialist Cuba.

Our meetings with the Cuban comrades were characterized by a spirit of cordiality and comradeship, and we exchanged points of view on issues relating to the development and expansion of relations between the parties and peoples of the two friendly countries, which are linked by close and exemplary ties.

In our talks with the Cuban leadership we exchanged points of view on the situations in the two friendly countries and the regional and international situation in general. We are all the happier because our talks reflected our common views and positions, which are founded on the unity of the principles and objectives of the Yemeni and Cuban revolutions and their commitment to the theory of scientific socialism.

We briefed the comrades in the Cuban party and government leadership on the nature of the political situation in the Yemeni arena, particularly in light of the recent agreement concluded between the two parts of Yemen, the efforts being made to normalize relations between the two parts, and the elimination of the effects of the bloody and abortive conspiracy of 13 January [1986] on the political, social, and psychological levels.

We explained the nature of the tasks assumed by the YSP and the PDRY [People's Democratic Republic of Yemen] Government on the party, economic, and other levels.

We exchanged views on regional issues such as the dangers of the Iran-Iraq war and the consequent NATO military presence in the Persian Gulf, the Red Sea, and the Indian Ocean. We exchanged views on the Middle East problem and its central issue—the Palestinian people's cause—in the light of the uprising in the occupied territories against the Zionist occupation forces. We exchanged views on other international issues such as international peace and the need to end regional tension, entrench the principle of coexistence and international solidarity, and resolve the problem of developing countries' indebtedness.

In all these matters we proceeded on the basis of our joint internationalist commitments, based on solidarity with the struggle of peoples for their rights to political and economic liberation and democracy, and their right to choose their own independent development.

We were very satisfied at the scientific evaluation made by Comrade Fidel Castro of the situation in Latin America and of the region's future prospects.

During our visit to Cuba we learned about some of the achievements of the Cuban people during the revolution under the leadership of the PCC. We were briefed intensively on the various stages of the history of the Cuban revolution and the struggle of the first vanguard against the dictatorial Batista regime. In relation to all this, I must express our pride and great admiration for this history of struggle, in the name of all revolutionaries and progressives in Democratic Yemen.

Our visit was very beneficial. We felt the Cuban spirit, which is full of loyalty, sincerity, and solidarity. We sensed the greatness of this people who are characterized by goodness and friendship toward friends and all other peoples alike. We are confident that this visit will constitute a strong impetus for firm combat relations between the two friendly countries.

I am happy to reiterate our thanks and those of the comrade members of the delegation for their warm reception and generous hospitality and for all the affection and cordiality with which we were received by the leaders of the party, the government, and people of Cuba.

A special reception was held today in Havana, attended by Brother 'Ali Salim al-Bid, Comrade Fidel Castro, members of the secretary general's delegation, and a number of Cuban officials. During the reception a number of agreements and protocols were signed in the areas of law, work, and exchanges of visits and experiences

involving the organizations of defense committee organizations, the Yemeni Women's Union, the Peasant Union, the Yemeni-Cuban Friendship Society, and the Ministry of Justice and Religious Trusts.

Raul Roa Holds Talks With Officials in Bonn

FL0705114688 Havana Radio Progreso Network in Spanish 1100 GMT 7 May 88

[Text] Cuban Vice Foreign Minister Raul Roa is in Bonn to meet with his West German counterpart, Helmut Schaefer. Roa will also meet with Juergen Sudhoff, state secretary for foreign affairs.

Travels to Portugal

FL1005152388 Havana Radio Reloj Network in Spanish 1403 GMT 10 May 88

[Text] Raul Roa Kouri, Cuban vice foreign minister, arrived in Portugal this morning, where he will meet with his counterpart, Joao de Deus Pinheiro, to discuss the situation in southern Africa.

Roa's visit to Lisbon follows the 3-4 May meeting in London among representatives from Angola, Cuba, the United States, and South Africa, political observers note. Roa will present to Portuguese authorities Cuba's views on a peace plan for that African region which is based on an independent Namibia and the cessation of logistical support to UNITA [National Union for the Total Independence of Angola] bands in Angola by the United States and South Africa.

Roa Kouri's visit to Portugal is the first official meeting between Portuguese and Cuban authorities to discuss matters relating to peace in southern Africa.

Castro Sends Message to Congolese President

FL1005184288 Havana Radio Rebelde Network in Spanish 1700 GMT 10 May 88

[Text] Commander in Chief Fidel Castro sent a message with Rodolfo Puentes Ferro, member of the PCC Central Committee, to Colonel Denis Sassou-Nguesso, president of the People's Republic of the Congo.

The exact text of the message has not been revealed, but according to Cuban sources in Brazzaville it reportedly refers to bilateral relations. It is also said to contain the conclusions reached at the quadripartite meeting recently held in London among the joint Cuban-Angolan delegation and the United States and South Africa on the situation in southern Africa.

Western press agencies are speculating on another quadripartite meeting on the same subject this Thursday in Brazzaville, which was denied by South Africa's Foreign Ministry.

Raul Castro, Others Receive Soviet Medal

FL1005131588 Havana Tele-Rebelde Network in Spanish 1100 GMT 10 May 88

[Text] Army General Raul Castro, second secretary of the PCC Central Committee and minister of the FAR, has been decorated with the Soviet Armed Forces' 70th Anniversary Commemorative Medal during a ceremony held at the brother country's embassy in Cuba.

A group of officers, chiefs, and FAR officers [as heard] were awarded the same honor for their contribution to the strengthening of friendship between the two peoples.

Brigadier General Ruben Martinez Puentes, vice minister of the FAR and chief of the DAAFAR [Antiaircraft Defense and Revolutionary Air Force] troops, gave thanks on behalf of those decorated and said Cubans will never forget Soviet solidarity shown throughout the years.

PCC Official Cited on Penal Code Modifications

FL0505165588 Havana Radio Reloj Network in Spanish 1415 GMT 5 May 88

[Text] Felix Perez Milian, chief of the Department of State and Judicial Organs of the PCC Central Committee, has said that the new concepts on penal justice have begun an era of work and transformations in the legal sector.

Perez Milian provided this information during a news conference on the modifications to the current penal code with journalists who are with the specialized legal section of the UPEC [Union of Cuban Journalists].

The party leader said that the degree of efficacy of the code retroactively depends on such factors as the family, work centers, schools, and suburban centers which play an important role in the resocialization of inmates.

Perez Milian said that more than 200 prohibited activities have been eliminated from the previous code. Legislation is now being revised, such as the family code, housing law, and others.

Vicar-General on 'Complete Freedom of Worship'

FL0505145188 Havana Radio Progreso Network in Spanish 1100 GMT 5 May 88

[Text] Juan Manuel Machado y Garcia, vicar-general of Matanzas, has said in Lima that there is complete freedom of worship in Cuba and that relations between the Catholic Church and the government are excellent.

Machado y Garcia arrived in Peru heading a delegation of priests who will attend the Fifth Marian Eucharistic Congress of Bolivarian countries. The congress will held in Lima from 7 through 15 May and will be opened by Pope John Paul II.

Agricultural Workers To Receive Salary Hikes

FL0605192988 Havana Radio Rebelde Network in Spanish 1700 GMT 6 May 88

[Text] The reason the Cuban revolution has so much support from the people is, among other reasons, because of the fairness of its material and social distribution policy. There is a political willingness to assure each citizen the basic, indispensable services for livelihood. In addition, it designates resources for recreation.

Without arriving at egalitarian extremes which would be impractical during the current socialist stage, the revolution has been able to assure a decent level of material and spiritual consumption for each individual, despite the imperialist blockade and critical times, such as the current one.

The revolutionary government has demonstrated special concern for the standard of living of people with low incomes who undertake very difficult jobs or tasks of great social interest. This essential idea led to a salary increase last year for certain categories of workers in the health and agriculture sectors.

Now, to provide greater incentive to agricultural workers who cultivate tubers, vegetables, citrus, and pineapple, wage increases of between 20 and 30 percent will become effective during the months of July and August.

Agricultural tasks are more exhausting in July and August because of the intense heat. In addition, intermediate-level students are on vacation. These students cooperate in agricultural tasks throughout the year, except for July and August.

The salary incentive will be received by close to 60,000 manual agricultural laborers. It is hoped that the population will thus have a greater supply of tubers and vegetables.

Our social regime can do this. It can increase the salaries of certain categories of workers to make more goods available to the population.

Correction on Rodriguez, De la Madrid Talks

The following correction pertains to the item subheaded "Further on Meeting," published in the 10 May Latin America DAILY REPORT, page 3, column one:

sourceline read: ...Havana Television Service in Spanish 0000 GMT 10 May 88 (correcting sourceline)

Bahamas

Report Notes Economy Grew 5 Percent in 1987

FL1005210888 Bridgetown CANA in English 2136 GMT 5 May 88

[Text] Bridgetown, Barbados, May 5, CANA—The Bahamian economy grew by 5 per cent in 1987, an improvement over the 3.5 per cent growth achieved in 1986, according to the annual report of the Barbados-based Caribbean Development Bank, which was presented to the 18th annual meeting of its Board of Governors, in St Kitts and Nevis on May 11 and 12.

The major contributors were tourism and construction activity. The rate of inflation was expected to have stabilised at about 5.8 per cent and the rate of unemployment to have declined by the end of the year.

In this country of widely-scattered tropical islands, comprising 13,942 square kilometres, a population estimated at more than 234,000 and with an unemployment rate of about 12.2 per cent (1986), tourism continued to perform well.

Total visitors to the Bahamas in 1987 increased to 2.91 million (1.5 per cent over the 1986 figure). Of these 50.8 per cent were stopovers and 49.2 per cent cruise visitors, the former increasing by 7.6 per cent while the latter fell by 4.1 per cent. The reduction in cruise traffic was partly attributable to a lack of capacity at Nassau harbour and longer times spent by ships in dry dock.

Expansion in the number of sea seats available and increasing popularity of cruise/land packages to Grand Bahama led to a 20.9 per cent increase in arrivals, with cruise visitors growing by 24.8 per cent. Cruise visitors to New Providence fell by 14.2 per cent while total arrivals fell 2.2 per cent.

Stopovers to the Bahamas expanded by 9.6 per cent to 1.17 million, with 88.6 per cent of them originating in the U.S. The U.S. share of total stopovers, however, declined marginally from 89.4 per cent in 1986. European visitors grew by 49.6 per cent and increased their share from 3.1 per cent to 4.2 per cent.

Although both hotel visitors and hotel nights increased, the average length of stay fell 2.87 per cent to 4.84 nights from 4.98 nights in 1986. This was mainly due to the increased popularity of 1 to 2 night visits.

The construction sector was boosted by construction activity on the 876 room Crystal Palace Hotel, U.S.16 million dollars renovation of the Holiday Inn in Freeport and the Bay West complex. Government continued its capital programme in housing, road paving, and upgrading, telecommunications modernisation, the rehabilitation and extension of water and sewerage, and airport upgrading on the main island of New Providence.

In health and security, community health clinics were upgraded and the police station at Inagua reconstructed. Data to the end of the third quarter showed total residential construction permits granted to have fallen relative to 1986. Building starts were also lower than 1986 although values increased.

The 12-month point-to-point rate of inflation was 5.7 per cent in December 1987 in New Providence. The largest increases occurred in the food and clothing and footwear categories. The monthly rates of inflation for the year indicate that the average rate for 1987 is higher than the 5.4 per cent recorded for 1986.

The rate of unemployment was estimated at 12.2 per cent during 1986. Fifty-six (56) per cent of the total unemployed were in the 15-24 age group, for which an average 22.2 per cent unemployment rate was recorded.

With regard to distribution by sex, females had an unemployment rate of 15 per cent while the rate for males was 9.7 per cent. It is expected that the high level of construction activity in 1987 would have impacted favourably in lowering the rate of unemployment.

Indicative of a slowing down in the economy during the run up to elections, government recurrent revenues increased by 4.6 percent to reach U.S.398.7 million dollars during 1987.

The recurrent expenditure increased 6.8 per cent to U.S.383.2 million dollars while U.S.52.8 million dollars was spent on capital expenditure. The current account therefore registered a 15.5 million dollars surplus compared with U.S.12.4 million dollars a year earlier.

Tax revenues rose 7.8 per cent to U.S.353.6 million dollars over 1986, with the largest increases occurring in import and export duties (11.3 per cent) and motor vehicle taxes (11.1 per cent). Non-tax revenues fell 1.5 per cent to U.S.45.1 million dollars as income from other sources fell 31.1 per cent. Fees and charges, which represent 61.6 per cent of non-tax revenue also fell by 6.2 per cent from its 1986 value.

Personal emoluments and allowances rose 10.9 per cent over the previous year and represented 52.2 per cent of total recurrent expenditure. Upkeep and maintenance of assets rose 23.3 per cent to U.S.6.4 million dollars, while debt payments declined 44.9 per cent to U.S.100.7 million dollars as redemption payments fell by 44 per cent in comparison with 1986.

The national debt at December 1987 totalled U.S.596.9 million dollars, a decline of 1.2 per cent. The external debt decreased by 17.1 per cent to U.S.101.6 million dollars, while the internal debt rose 4 per cent to U.S.416.1 million dollars. Contingent liabilities of the public corporations fell 2.9 per cent to U.S.79.1 million dollars.

Money, broadly defined to include notes and coins in active circulation, and total commercial bank resident deposits, rose 11.9 per cent to U.S.879.1 million dollars in 1987 compared with 1986.

Currency in circulation rose 15.6 per cent to U.S.75 million dollars, while savings and fixed deposits expanded by 12.7 per cent and 20.1 per cent to U.S.207.4 million dollars and U.S.401.4 million dollars, respectively. However, loans and advances to the government fell 6.8 per cent to U.S.54.5 million dollars.

Consumer installment credit outstanding at end of 1987 increased by 22.2 per cent to U.S.230.3 million dollars over a year earlier; new credit increased by 27 per cent to U.S.20 million dollars.

Loans for travel rose 40.4 per cent to U.S.5.2 million, home improvement and real estate utilised U.S.54.9 million dollars (up 27 per cent), while consolidation of debt jumped 77.6 per cent to U.S.24 million dollars.

With no change in the Central Bank's credit policy (the prime and discount rates remained fixed), the credit explosion seems to be the result, in part, of relaxed credit policies by the commercial banks, the CDB said.

As credit expanded, liquidity levels fell; further, international reserves are expected to have declined sharply. Commercial banks excess reserves stood at U.S.17.2 million dollars at the end of December 1987, down 30.3 per cent from a year earlier.

The decline is even more marked when it is noted that excess reserves plunged from U.S.63.6 million dollars in May 1987 to U.S.17.7 million dollars in August 1987, according to the bank. External reserves peaked in May at U.S.292.6 million dollars, and have been declining in conformity with the seasonal pattern of exchange outflows.

The sharper rate of decline, however, as indicated by the end-of-year total dipped to U.S.169.7 million dollars compared with U.S.230.3 million dollars recorded at December 1986.

The CDB said the outlook for 1988 is for continued buoyant growth, a fall in unemployment and an increase in inflation. With growth in the U.S. economy not expected to be sharply reduced and an appreciation of the dollar to its previous levels against European currencies unlikely in the near future, the tourism sector should continue to grow.

Construction activity in both the private and public sector is expected to continue throughout 1988. Vigilance on credit expansion may need to be increased however, as the external reserves position could deteriorate rapidly, the report suggested.

Barbados

CDB Notes Economic Deterioration in 1987

FL1005204588 Bridgetown CANA in English 1648 GMT 5 May 88

[Text] Bridgetown, Barbados, May 5, CANA—On the basis of a Caribbean Development Bank (CDB) economic review, 1987 was not the best of years for Barbados.

The banks annual report submitted to the 18th annual meeting of its Board of Governors in St Kitts and Nevis, May 11 and 12, said that most major indicators pointed to a deterioration in Barbados economic performance in 1987 relative to 1986.

Real gross domestic product growth rate fell from 5 per cent to approximately 2.0 per cent, the current account of the balance of payments deteriorated, inflation resurfaced, and a deficit on the current fiscal budget was expected, or at best will attain a much lower surplus (when amortisation payments are excluded) than in 1986/87.

However, the unemployment rate was marginally lower than in 1986 which was estimated at 19 per cent at the end of December that year.

There was a strong performance by the tourism sector which has become the major contributor to gross domestic product on this island of 431 square kilometers with a population of approximately 253,000.

Total visitor arrivals grew by an estimated 26 percent to 623,000, nearly three times as fast as in 1986, reflecting increased promotion and the continued depreciation of the U.S. dollar against European currencies.

Cruise ship arrivals experienced a record growth of about 57 per cent, while stopover arrivals recorded its highest growth rate (12 per cent) since 1984.

Price cuts combined with additional charter flights and tour packages produced a particularly good summer season. The U.S. and the UK once again accounted for most of the stopover arrivals.

With the number of hotel rooms remaining unchanged, the industry's growth raised the average annual hotel bed occupancy rate from 47 per cent to an estimated 50.1 per cent in 1987.

Output in the Barbadian industrial sector fell by 6.9 per cent between January and October, relative to the same period in 1986, as most of the major industries—electronics, cement, clothing, chemicals, petroleum exploration or drilling, and refining and natural gas—contracted.

The closure of another electronics firm in the second quarter of the year, following the closure of the dominant firm in October 1986, was partially offset by the addition of new entrants; nevertheless, the industry was considerably weakened.

After two years of impressive growth, cement production was stalled by protectionist measures in Puerto Rico as well as by mechanical problems with the plant.

Output of clothing and chemicals contracted for the second successive year. However, buoyant residential construction activity again boosted the output of non-metallic mineral products, which was 17.1 per cent higher between January and October than for the same period in 1986.

As a matter of government policy, the level of production was kept below its pre-August 1986 peak. Petroleum refining was hit by cutbacks in the government's road-building programme and falls in the consumption of diesel and kerosene.

Generally, manufacturers were unable to recover lost external markets or penetrate new ones. Factors outside their control, such as rising protectionism in regional and non-regional markets, persistent recession in major regional economics, and increasing Japanese competition in the U.S. market were partly responsible for this, but problems of cost, quality, and inadequate marketing also inhibited export growth.

A contracting guaranteed U.S. market and depressed prices in the world market forced the government and the sugar industry to set a production target of only 90,000 tons in 1987 compared with actual output of 111,000 tons in 1986.

However, output fell 7 per cent short of the target to 83,432 tons, the lowest level since 1948. Not only was a smaller acreage reaped, but also the output of can per hectare fell, the result of a dramatic increase in cane fires and low rainfall during the growing season.

The volume of sugar exports fell but export earnings remained approximately at its 1986 level because of the continued appreciation of the pound sterling against the US dollar.

As in 1986, the banking system in Barbados remained highly liquid during 1987. The ratio of liquid assets to deposits hovered at around 35 per cent and holdings of reserves and government securities once again far exceeded the levels stipulated by the Central Bank.

The excess liquidity reflected lack of opportunities for longer-term lending in the key productive sectors of the economy. The volume of loans to the agricultural, industrial, tourism, and public sectors was roughly unchanged

from the 1986 level, with the additional deposits in the banking system financing mainly private consumption and transport and distribution activity.

The slide in interest rates that started in 1982 levelled off in 1987 as the Central Bank considered the level sufficient to help defend the balance of payments.

The effects of international trading difficulties manifested themselves in an estimated 33 per cent widening of the external current account deficit in 1987.

Visible exports fell by approximately 50 per cent, while imports fell by approximately 15 per cent as a result of lower intermediate imports consequent upon the decline in manufacturing output.

With net invisible exports and net transfers from abroad together increasing less than proportionately to the decline in the visible trade balance, the current account deteriorated and the government was therefore forced to borrow in the foreign commercial loan market to build up reserve levels.

Both exports to and imports from Caribbean community and Common Market (Caricom) states fell, though the CDB report estimates the country's regional trade deficit to have declined by approximately 5 per cent in 1987.

The government's budget registered a deficit of U.S.19.7 million dollars in the first half of the fiscal year 1987/88. Higher tax revenues associated with the spurt in visitor arrivals and with the 1987 increase in tax rates were insufficient to offset increased recurrent expenditures stemming mainly from arrears of wage payments and higher interest payments.

Capital expenditure rose, but only marginally, so the overall deficit rose proportionately with the current deficit. Unlike in 1986/87, the overall deficit was financed primarily by external borrowing, though much of this was borrowing undertaken for a balance of payments support rather than for strictly investment purposes.

Domestic debt accounted for 53.1 per cent of the national debt, which stood at 1,469.7 million dollars at the end of October 1987, or 16 per cent higher than it was at the end of 1986.

The unemployment rate fell from 19 per cent in December 1986 to 15.1 per cent in the first quarter of 1987, but rose again to 18.6 per cent in the third quarter. The comparable figure for the third quarter of 1986 was 19.1 percent.

The slightly lower 1987 rate, despite a much lower economic growth rate and a larger increase in the labour force, suggests that structural factors in the labour market, such as a reduction in search time for jobs and an increase in the supply of skilled labour relative to unskilled labour, dominated employment changes during the year.

The retail price index at the end of October was 5.2 per cent above its December 1986 level. The resurgence of inflation, mainly in response to the upturn in oil prices and inflation rates abroad, poses a serious threat to economic recovery because of both its possible demand-restricting effect at home and its potential for generating a wage-price spiral with consequent deleterious effects on exports.

The external environment is expected to continue to exert generally contractionary pressures on industrial and agricultural production in 1988.

Prospects for an early revival of Caricom trade remain dim and the persistent U.S. trade deficit is likely to strengthen protectionist forces in that country, to the detriment of Barbados manufactured exports.

The 33 percent cut in the U.S. sugar quota announced in late 1987 further dims the prospects of the sugar industry, though it will be offset by an alternative sugar import scheme approved by the U.S. Congress late in December 1987.

The hopes for the recently expanding cotton industry have been fading with the collapse of cotton prices in the Japanese market. Tourism is the brightest growth prospect.

The recent swing of North America and European holiday preferences towards the Caribbean augurs well for the island's tourism industry in the medium term provided the intensive marketing effort, especially for the summer, is kept up.

Overall, a higher growth rate of about 2 per cent is forecast for 1988, due mainly to tourism growth and an expected rise in sugar output to the target level of 90,000 tons.

The adverse pressure on the current account of the balance of payments is expected to continue in 1988, while the government's financial position will most likely stabilise in the fiscal year 1988/89.

Domestic monetary and fiscal policy are therefore expected to take a neutral to conservative stance in 1988, the CDB review said.

Dominican Republic

Pena Gomez Comments on Forgiving Debt

FL1005222188 Santo Domingo Radio Mil Network in Spanish 2130 GMT 10 May 88

[Text] Madrid—Dr Jose Francisco Pena Gomez, chief of the Dominican delegation to the meeting of the Council of the Socialist International, said that he will support the proposal of forgiving 50 percent of the foreign debt. The leader of the Dominican Revolutionary Party [PRD] has said that it is a viable proposal at the Socialist International forum. The old formulas for debt payment, such as renegotiation and others, are inefficient in view of the Latin American crisis, he says.

Pena Gomez said that this meeting is very important because it is an (?important) time for European and Latin American socialists.

The PRD leader noted the recent electoral victories of Francois Mitterrand in France and Rodrigo Borja in Ecuador.

In reference to Latin America, he said the Socialist International can strengthen solidarity in practical areas to (?support) the restored democracies and accelerate the democratic process and extend these to [words indistinct].

Pena Gomez added that the Socialist International can find new formulas to confront the problem of payment of the Latin American foreign debt, including the forgiving a significant portion.

In reference to Central America, Pena Gomez said that the Socialist organization can continue supporting negotiations between the Sandinist government and the contras and talks between the Salvadoran Government and the rebels. He stressed that the constitutional process failed in El Salvador and that Honduras is typical of international hypocrisy.

Grenada

Blaize Praises U.S. Hydrofoil Exercises

FL1005181588 Bridgetown CANA in English 1542 GMT 8 May 88

[Text] St George's, Grenada, May 8, CANA—Three American hydrofoils were on Sunday ending a three-month stay in Grenada where they were engaged in intensive drug interdiction exercises.

According to Prime Minister Herbert Blaize, the ships were "very helpful" to the Grenada Coast Guard. He said that the Coast Guard were able to receive assistance in surveillance exercises which should make them better equipped to check boats engaged in illegal activities. "We are grateful for the assistance given by that organization... and we look forward to the continued relationship of cooperation," Blaize said a radio broadcast.

Government officials estimate that the crew on board the ships spent around 300,000 U.S. dollars during their stay on Grenada. The hydrofoils also visited other neighbouring Caribbean islands on similar exercises.

Guadeloupe

Pro-Independence Groups' Boycott Call Ignored

FL1005142588 Bonaire Trans World Radio in English 1130 GMT 10 May 88

[Text] A call by pro-independence groups in Martinique and Guadeloupe to boycott Sunday's French elections appears to have been ignored. The islands voted overwhelmingly Socialist in the second round polls. In Guadeloupe, about 50 percent of the 197,000 registered voters participated. In Martinique, with 260,000 registered voters, a higher turnout than Guadeloupe, the incumbent president took more than 70 percent.

Haiti

Manigat on Electoral Council, Smuggling, Crime

FL1005155088 Port-au-Prince Radio Nationale in Creole 0000 GMT 7 May 88

[Bimonthly "Friendly Chat With the Haitian People" by President Leslie Manigat—live]

[Excerpts] Certain people had begun talking about the affair of the Casecs [Administrastive Councils for the Communal Sections] in a bizarre manner, as if the new government were in some way responsible for this thing. [passage omitted] When the Casecs are installed—and they will be installed shortly—it will allow us to begin a process provided for in the Constitution, which via the departments, will permit us to form the Permanent Electoral Council. [passage omitted]

Since we are supposed to present the budget for the 1988-89 fiscal year in June, we will put provisions into the budget for paying the nine members plus the necessary administration expenses, so that, while starting the process that will culminate in the appointing of the nine members, we will at the same time have the financial means to install the administration. Thus, by the end of September everything will be in order and on 1 October the Permanent Electoral Council will be operative. This way it can prepare the electoral rolls and organize the Senate elections that, under the Constitution, are to be held 2 years after the last elections. [passage omitted]

There is much talk in the streets about the contraband business. There was much skepticism. [passage omitted] The measures are beginning to yield interesting results. [passage omitted] During the past year, all customs offices in Haiti, from all ports except Port-au-Prince,

brought less than 2 million gourdes into the state coffers. What with the ships that have already arrived and so forth, we are sure that this month of May alone will bring in over 5 million gourdes. [passage omitted]

Then there is the big problem of insecurity. Everyone is talking about insecurity. I would like to explain this matter of insecurity, so that everyone understands it and so that they will not let anyone fool them in connection with this matter of security. What was the trend in Haiti until 3 weeks ago? The country was heading for peace, was normalizing. [passage omitted] Night life had resumed.

Certain people realized that the government was producing big results in connection with the political climate, as well as the general climate, in Haiti. This bothers them, and since it bothers them, they are doing everything they can to reestablish a climate of insecurity in Haiti.

Friends, there are no dummies in Haiti anymore. [passage omitted The government wants security for all. This is its responsibility, its duty, its desire—and this is also in its interests. [passage omitted] You must understand well where the responsibilities lie, because those who are killing people in the streets are people who need to create insecurity, are people who are working against the government, against the government [repeats himself]. Let the people understand this well. The government and the people are on the same side in this thing. Both want security; both want people's lives respected. It is people opposed to the government who want to create a climate of insecurity in Haiti. Either that, or it is the bandits. [passage omitted]

Not all the violence is political. [passage omitted] There is violence that can be viewed as social violence. The thing is, Haiti is changing. And there are many people who don't understand this. Port-au-Prince used to have 250,000 inhabitants; now it has more than a million. But meanwhile, conditions have not kept pace with the population growth. The police force has not increased its personnel and its means in such a way as to be able to handle the leap from 250,000 to 1 million and to deal with the problems. So it is normal that there be a question of public order in a city such as Port-au-Prince. [passage omitted] In foreign countries, social banditry is given its proper place. [passage omitted] Here, whenever anything like this happens, there are newspapers and radios that rush to make a big deal out of it. [passage omitted]

Observer Status in Lome Convention Granted

FL1005162488 Port-au-Prince Radio Nationale in French 0100 GMT 10 May 88

[Text] Haiti will participate in the third Lome accord. The country's initiatives to participate in the Lome accord have borne fruit. The council of ministers of the African, Caribbean, and Pacific Countries, ACP, has responded favorably to Haiti's request, and Haiti will have the status of observer.

This bit of news comes from Haitian Foreign Minister Gerard Latortue at the Mahatma Gandhi Institute in Port Louis, where he is attending the 44th council of ministers of the ACP group, and it is reason for delight, since the ACP/EEC group remains an important partner that must necessarily be taken into account with regard to economic development.

The Lome accord, signed by the ACP/EEC member countries for the first time in 1975, has the advantage of offering a contractual form of cooperation. Haiti's admission as an observer cannot fail to contribute to the strengthening of democracy, while at the same time accelerating economic development.

The form of this cooperation—which looks as if it will be productive—is yet to be fixed.

Gonaives Youth Plan Protest Over Toxic Waste

FL0905170088 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 9 May 88

[Excerpts] Despite the fact that in his latest "Friendly Chat with the Haitian People" President Francois Leslie Manigat said that a solution to the toxic waste affair would be found one way or the other before the end of the month, the Gonaives population, especially the young people, do not see things t same way. They say they had been willing to wait for a solution to be found to the toxic waste problem, but the fact that the rains came has made the situation deteriorate for them.

They say that the toxic waste has scattered. It has gotten into the sea water and, in fact, in all the water. They now have doubts about the fish because of the way the rain fell and scattered the toxic waste. They say the population of Gonaives is at great risk. Therefore, they add, they cannot just stand by and watch. In fact, they are planning to demonstrate without prior warning, because, they say, they prefer to have a group of people die than to have the entire population die.

There has also been a lot of shooting in Gonaives. Our correspondent will give us details:

[Correspondent Jean Boucheau Joseph] [Passage omitted] There were three big rains in Gonaives, and these rains have caused a great deal of concern to everyone. Thus, the Association of Senior Classes [Asosyasyon Klas Terminal], which groups many school kids, is furious. They say enough is enough. They are not willing

to die because of a lot of bigshot Haitian dealers [preceding word in English] who came and dumped toxic waste from the United States on the SEDREN wharf so they could make a lot of money at the population's expense. [passage omitted]

The students report that the toxic waste has polluted the water in Gonaives because it is raining. Thus, the water is going to become toxic, and they cannot live without water. The waste also affects the salt, and they cannot live without salt.

The young men also claim that the waste attacks the fish, and that the economic problems the people in Gonaives are facing force them to eat fish, whether they want to or not.

They say that many big-time thieves in Haiti are responsible for these acts of murder being committed against the Haitian people. They add: What is worse, there is a police corps in Haiti to protect the land. What have they done? [passage omitted]

Lastly, they ask the new Manigat government to do everything it can to remove this toxic waste from Gonaives. They say that if the authorities do not remove it, it is because they are accomplices to this affair.

They also ask for free lab tests for everyone who appears to have been affected by the toxic waste.

The youths say they are going to give the government 1 week to get its act together.

We point out that we received this note Friday, so this means that the week in question is already running.

They are giving the government a week to get its act together, and if (?nothing is done), the students in Gonaives are going to take to the streets without giving anyone prior warning. They are going to tell their parents not to pay for electricity, water, or telephones, or any taxes. They declare that they would rather die than to have an entire population die.

For almost 4 hours on Saturday night, you would have thought it was again the month of November 1987 in Gonaives. We say this because for almost 4 hours there were bullets flying all over Gonaives, waking everyone up.

None of the authorities in Gonaives were capable of giving the slightest bit of information on this. All they said was that they knew absolutely nothing, and this was a real mess, because there has been talk of nothing else since yesterday in Gonaives.

Last night, two or three people who came to us to complain said this had been a warning to everyone who might be thinking of holding a peaceful demonstration against the toxic waste affair, which the rain is aggravating.

On the other hand, others say it was a special commando from Port-au-Prince that came to carry out this evil action under the noses of all the Gonaives authorities.

Everyone says they do not know how far this is going to go—that it seems as if we are heading for a return to the entire period prior to the November elections, when the population of Gonaives was unable to get any sleep at all because of all the shooting. [passage omitted]

Ministry Clarifies Policy on Imports of Goods

FL0705030588 Port-au-Prince Radio Nationale in French 0100 GMT 6 May 88

[Text] The Ministry of Industry and Commerce has insisted on issuing the following reiteration or clarification in connection with an article that appeared recently in a periodical published in Port-au-Prince implying that this ministry has issued permits for the importation of 138,144 lbs of pork and 12,000 tons of corn.

First, the new administration of the Ministry of Industry and Commerce has for the time being rejected all requests from all importers to be allowed to import pork.

Second, following a request from Mr (Gregory Brandt) on 7 March 1988 to be allowed to import 6,000 tons of corn, the ministry has agreed to allow him to import only two shipments of 1,080 tons, totaling 2,160 tons, and this during a period of [words indistinct] of this product in Haiti.

The public will surely be able to understand that the Ministry of Industry and Commerce, while it wishes to protect national production, cannot at the same time paralyze the activities of this industry when there is not enough of the locally-produced product.

Jamaica

Manley Notes New Threat Created by Cocaine

FL1005020588 Kinston Domestic Service in English 0000 GMT 10 May 88

[Text] PNP [People's National Party] President Michael Manley says Jamaica has a very dynamic program in the field of ganja eradication.

Addressing drug enforcement administrators from the U.S. State Department this afternoon, Mr Manley said the country now faced the new threat provided by cocaine. He said it posed a problem to all countries.

[Begin Manley recording] In a sense it is assaulting a country that doesn't have much experience at this and [words indistinct] a huge task now confronts us in how to begin to develop the capacity to deal with this as a special problem for a country more accustomed to the technical challenge of ganja and how to begin to develop a population that realizes what this means or what this is all about. [end recording]

Mr Manley said that what was now needed was a national education system against drugs starting from the school system. He said that this was one of the few ways that we could expect to win the battle against drugs.

Just over 100 participants in drug enforcement from Latin America and the Caribbean are in the island to discuss the U.S. drug situation and current assessment of the international narcotics problem. They'll be in the island for 3 days of meetings, and U.S. Ambassador Michael Sotirhos opened the conference this morning.

St Vincent and the Grenadines

Brazilian Delegation Meets With Prime Minister

FL1005183088 Bridgetown CANA in English
2110 GMT 7 May 88

[Text] Kingston, St. Vincent, May 7, CANA — A four-member Brazilian delegation has ended a ten-nation tour of the English-speaking Caribbean, with a two-day visit to St. Vincent and the Grenadines.

The delegation, led by Ambassador Dario Castro-Alves, Brazil's permanent representative to the Organisation of American States (OAS), toured the region on the initiative of President Jose Sarney. Castro-Alves said through the mission, Brazil was taking a new initiative to raise the levels of mutual relationship with regional countries, and was willing to play a meaningful role in a new policy of co-operation with them.

During the two days the mission spent here, it met with Prime Minister James Mitchell and held in-depth discussions with minister of trade, industry and agriculture, Marcus Defreitas, who visited Brazil last month.

Ambassador Castro-Alves expressed satisfaction with the outcome of the tour and felt that as a result, Brazil and the Caribbean would develop closer ties, get to know each other more intimately and develop important progress in co-operation.

Trinidad and Tobago

CDB Economic Report Notes Difficulties

FL1005202688 Bridgetown CANA in English
1131 GMT 10 May 88

[Text] Bridgetown, Barbados, May 10, CANA—During 1987 the difficulties under which Trinidad and Tobago has been submerged since 1982 continued to grow more and more profound, a Caribbean Development Bank [CDB] report said.

Reporting on the country's performance, the CDB said that because of a contraction of output in the oil sector, imbalances in the external sector and to problems deriving from debt servicing and financial difficulties in the public sector, the keynotes of the evolution of the economy during the year were increasing unemployment and further economic contraction.

The annual report was presented to the 18th annual meeting of the CDB Board of governors, in St Kitts and Nevis, May 11 and 12. It stated that the indications were that gross domestic product had fallen by 2.3 per cent in 1987. The drop in GDP for the fifth year running meant that the cumulative decline since 1982 amounted to 20.5 per cent, representing a serious downturn in fortunes for the twin-island republic of 5,128 square kilometres and 1.2 million population.

In the first 10 months of 1987, the volume of crude oil production was 6.2 per cent less than ouptut in the comparable period in 1986, falling from 8.1 million cubic metres to 7.6 million cubic metres.

At the same time, although marine fields continued to be the major sources of production, output from this source fell slightly, dropping from 6.2 million cubic metres (75 per cent of total output) to 5.7 million cubic metres (74.3 per cent).

Natural declines in production from existing wells, problems of sand control and damage to wells account for the poor performance of these indicators.

Crude oil exports were also reduced, falling from 4.7 million cubic metres in the first nine months of 1986 to 2.2 million cubic metres in the corresponding period in 1987.

On the other hand, refinery throughout increased from 3.4 million cubic metres to 3.7 million cubic metres and natural gas production rose from 5,667.4 million cubic metres to 5,690.6 million cubic metres.

The latter reflected the coming on-stream of supplies from reactivated wells and also from gas fields.

One of the many problems that the economy faced in 1987 was a severe drought and this impacted negatively on sugar production. Sugar output was 7 per cent below the 1986 level of 92,300 tonnes and almost 15 per cent below the targeted production of 100,000 tonnes.

Other major crops, such as citrus and copra, also performed in a highly unfavourable manner. Thus, during the first half of 1987, citrus output fell by almost 25 per cent when compared with output in the comparable period in 1986.

Similarly, during the January to September 1987 period, copra production fell to 3,348 tonnes, a shortfall of 7 per cent from the 3,600 tonnes produced in the same period in 1986.

Production of cocoa as well as coffee expanded in 1987. Cocoa output increased from 1,200 tonnes in the first nine months of 1986 to 1,400 tonnes in the comparable period in 1987, while coffee output rose from 1,300 tonnes to 1,800 tonnes.

The relatively satisfactory performances of both of these crops are attributed to better agronomic practices, increased availability of labour for reaping, and greater access to export markets.

Although several industries in the manufacturing sector showed improvements in their performances in 1987, overall growth of the sector weakened slightly; the growth rate of manufacturing was 19 per cent in 1987, compared with 28.3 per cent in 1986.

The good growth level was due to the stimulative effect of devaluation on import substitution while the slowdown was due to several factors, amongst them being reduced domestic demand, and access to imported inputs, a contraction on the regional market, and persistent cash flow and debt servicing problems experienced by manufacturing enterprises.

In spite of the foregoing, during the first nine months of 1987 food manufactures grew by 1.4 per cent, drinks and tobacco by 5.7 per cent, assembly type and related industries by 10.3 per cent and electricity by 5.7 per cent.

On the other hand, manufacturing subsectors that showed rapid declines in production were: textiles, garments and footwear (11.2 per cent); printing, publishing and paper converters (13.3 per cent); wood and related products (19.1 per cent) and chemical and non-metallic products (4.4 per cent).

The high unemployment rate of 17.8 per cent in 1986 increased to 20 per cent in 1987, thereby confirming the trend in previous years.

Among the factors lending to this increase in unemployment were the sharp cuts in public sector expenditures and the erosion of governments revenue base.

Additionally, as a consequence of the economic downturn, private sector firms sought to maintain financial viability by shedding labour.

Although hampered by the magnitude of the macroeconomic disequilibria, management of the main monetary variables was relatively tight in 1987.

Thus, during the first nine months of 1987, M1 contracted by 8.7 per cent, while in the comparable period in 1986 M1 fell by 13.4 per cent.

Quasi-money increased by 5.98 percent and the aggregate money supply (M2) grew by 2.6 percent, compared with a fall of 5.1 per cent in the corresponding period in 1986. However, in view of the sharp increase in the domestic rate of inflation, the increase in money supply (M2) represented a sharp contraction in real terms.

This slower growth rate in the money supply in real terms was made possible because of the slowing down of the process of monetisation of assets followed by the central bank.

In the first three quarters of 1987, the net credit to the government and the financing made available to banks increased by 46.5 per cent and 1.8 per cent respectively, compared with increases of 82.1 per cent and 3.4 per cent in the comparable period in 1986.

Although nominal interest rates for both deposits and loans remained relatively stable during the year, the high rate of inflation meant that in real terms, interest rates on credits granted by commercial banks for commercial or productive activities were slightly positive, while the rates of return for private persons making savings or fixed term deposits were highly negative.

During the first nine months of 1987, average consumer prices as measured by the retail price index rose by 11.4 per cent, compared with 7.1 per cent in the comparable period in 1986.

All of the components of the aggregate index underwent sharp increases; food prices went up by 20.4 per cent, housing by 9.3 per cent, clothing by 6.3 per cent, education by 6.8 per cent and medical goods and services rose by 18.7 per cent. Among the causes of the sharp increases in prices during the year were: factors relating to the shortages of foreign exchange for import purposes, the size of the public sector capital account deficit, increases in purchase taxes and excise duties introduced in the 1987 budget, the unification of the exchange rate at TT3.60 dollars per US1.00 and a sharp depreciation of the US dollar, to which the Trinidad and Tobago currency is tied, against most major currencies.

Preliminary data indicate that there was a substantial improvement in Trinidad and Tobago's visible trade balance during the first ten months of 1987, with the surplus moving up from US61.8 million dollars to US278.8 million dollars. Domestic exports rose from US1,180.5 million dollars to US1,222.7 million dollars while total imports fell 15.6 per cent from US1,118.7 million dollars to US943.8 million dollars.

Several fiscal measures were taken during 1987 to improve central government resources. They included a national recovery impost on the incomes of both individuals and companies; a ceiling on tax deductable mortgage interest payments; and several tax increases. Additionally, cost of living allowances and merit increases for public servants were temporarily suspended, financial support for public utilities and state enterprises was reduced and various administrative measures to control public sector expenditures were adopted.

Consequently, recurrent expenditures fell marginally from US1,550 million dollars in 1986 to US1,149 million dollars in 1987. At the same time, recurrent revenues dropped from US1,540 million dollars to US1,510 million dollars but were sufficient for governments current fiscal operations to show a surplus of US33 million dollars in 1987, compared with a deficit of US36 million dollars in 1986. Capital expenditure rose from US272 million dollars 1986 to US370.2 million dollars in 1987 and was financed primarily through domestic savings.

Projections for 1988 indicate a continuing correction of the huge domestic and external imbalances that were built up in the last few years. With real incomes stagnating or even declining, and the savings ratio rising, the level of private consumption may fall during the year. Given depressed domestic demand prospects and reduced profits, private fixed investment may also decline. Import volumes may fall in line with domestic demand. Further, market shares for traditional exports may decline, due to a higher projected rate of inflation in Trinidad and Tobago than that in its trading partner countries and to rising protectionism in extraregional markets. However, a rapid expansion of exports, associated with sizeable increases in investment in response to the fiscal incentives announced in the 1988 budget, could subsequently lead to a substantial increase in both employment and the rate of growth of GDP.

Belize

CDB Report Cites Non-Sugar Area Improvement

FL1005215288 Bridgetown CANA in English 1631 GMT 6 May 88

[Text] Bridgetown, Barbados, May 6, CANA—An improved performance in non-sugar agriculture, especially increased production and export of citrus concentrate, red kidney beans, and bananas, contributed to growth of about five percent in the Belizean economy during 1987, compared with 2.3 per cent in 1986, the Caribbean Development Bank (CDB) has reported.

However, the report which was presented to the 18th annual meeting of the CDB's Board of Governors in St Kitts and Nevis May 11 and 12 noted that despite the marked increase in growth, unemployment remained especially high in the urban areas where jobs in industry are preferred.

During January-June 1987 exports of citrus concentrate rose by about six per cent to 1.7 million gallons, compared with 1.6 million gallons during the full year previously, in response to higher prices.

Similarly, by June 1987 exports of red kidney beans had increased almost seven-fold to 2.6 million pounds, having totalled only 0.4 million during the 12 months of 1986. The sale of beans benefited from more aggressive overseas marketing.

Banana exports increased by 78 per cent to 19,047 metric tons in 1987 under the influence of better husbandry and the favourable impact on prices of the appreciation of the pound sterling against the U.S. dollar and improvements in the quality of output.

Sugar production fell by 11.8 per cent, from 93,345 long tons to 82,320 long tons, following the reduction in the U.S. quota by 47.5 per cent to 8,500 long tons a year in December 1986.

Subsequent to the reduction in the prime rate from 14 per cent to 12 per cent and the discount rate from 20 per cent to 12 per cent in December 1986, loans and advances of commercial banks rose to U.S.69.4 million dollars by the end of September 1987 from U.S.66.7 million dollars 12 months earliers.

Whereas credit to the public sector accounted for 10 per cent of the 1986 amount, it was 6.8 per cent in 1987. Agriculture shares moved from 10.3 per cent to 12.1 per cent as farmers borrowed for land preparation for banana cultivation and to increase sugarcane production in anticipation of ethanol production at the Libertad factory.

Meanwhile, M2 (money supply) grew by 15 percent over the 12 months to September 1987 as net foreign assets strengthened from U.S.9 million dollars to U.S.24 million dollars.

The improved external position largely reflected the lower cost of imported fuel and successful export market penetration.

Annual inflation in Belize, which has a land area of 22,960 square kilometres and 170,000 people, remained at approximately 3.5 per cent despite the adoption of the Caribbean Community (Caricom) common external tariff and a 1987 civil service salary adjustment.

A small reduction in electricity tariffs, due to lower oil prices, was a contributing factor along with the relative strength of the Belize dollar vis-a-vis the Mexican peso.

Revised data indicate that government's recurrent revenue grew by 15.1 percent to U.S.56.8 million dollars. This reflected the full year effect of new revenue measures which were adopted during April 1985 and January 1986 including the raising of the airport departure tax from U.S.5 dollars to U.S.10 dollars, an increase in stamp duties from 10 per cent to 20 per cent and an increase in import duty on gasolene.

However, "extraodinary revenue" from the sale of "citizenship bonds" amounted to approximately US1.1 million dollars compared with the projected figure of U.S.5 million dollars.

The substantial shortfall resulted from delayed implementation of the scheme and over-estimation of demand.

Recurrent expenditure in financial year 1986/87 climbed by 17.8 per cent to U.S.62.4 million dollars in concert with civil service salary increases of between 10 per cent and 12 per cent effected in July 1986, and higher spending on subsidies and current transfers largely in the fields of education and health.

In 1987 the government strengthened its cash release system, preliminarily revised the system of annual budgeting, and established a fiscal planning committee and a budget committee, with a view to improving fiscal management.

The medium-term economic prospects are now better than they appeared at the end of 1986, according to the CDB report. The Petroleum Corporation of Jamaica has finalised an agreement for the production of "beverage alcohol" using the facilities of the now closed Libertad sugar estate.

The improvement in government finances has reduced government borrowing domestically, permitted a reduction in interest rates, and increased the uptake of credit by the productive sectors.

Tourism in particular is expected to benefit from private investment in a new 100-room hotel and expansion of an existing establishment, both in Belize City.

At the same time, the depreciation of the U.S. dollar in relation to the pound sterling has had a favourable impact on export earnings from bananas sold on the UK market. This is likely to maintain the momentum for expansion in that subsector, the CDB said.

Costa Rica

Minister on Limiting Foreign Debt Payment

PA1105020488 San Jose LA REPUBLICA in Spanish 4 May 88 p 6

[Unattributed article: "Costa Rica Can Only Pay 5 Billion Colones of Its Foreign Debt"]

[Text] Finance Minister Fernando Naranjo has revealed that Costa Rica can only pay 2 percent of its GDP (the wealth made by the country in 1 year) to pay off its foreign debt.

That percentage is equivalent to approximately 5 billion colones per year, Minister Naranjo said.

Under the terms by which the foreign debt was contracted, Costa Rica would have to pay 8 percent of its GDP, which is 40 percent of its export income. According to Naranjo, that figure is too large, and to service the debt under those terms would seriously jeopardize the country's possibilities for future development.

The Arias administration, which is planning to reach a basic agreement with its foreign creditors in the next 3 months, will continue servicing its foreign debt in accordance with its payment capacity, which is 2 percent of its GDP, as previously established.

Naranjo said that he hopes that a payment under those new terms will be accepted by the international creditors and endorsed by the multilateral creditor organizations.

Minister Naranjo said that there is a political willingness to help Costa Rica and that the problem involved in the negotiations has practically been overcome. The problem dealt with alleged precedents that could be set and used by nations with larger debts if a payment mechanism for our country was devised.

The problem was resolved once it was understood that Costa Rica's case is special, because Costa Rica is proportionally the most indebted country in Latin America. In addition, its debt is small enough to endanger private banks [as published], but large enough so that a lightening of its payments could open new avenues for development. Finally, Naranjo said the country's effort to modernize its economy has been recognized.

Pact Prevents Assembly Government Bloc Schism

PA1005132888 San Jose LA NACION in Spanish 2 May 88 p 4A

[Excerpts] An agreement sponsored by President Oscar Arias that was reached at Arias' house the night before last and confirmed yesterday morning allowed Jose Luis Valenciano to replace Leonel Villalobosas as Assembly president.

The arrangement helped settle the bickering that threatened to create a schism in the government bloc this week and to cause the "Black May" feared by the ruling party. [passage omitted]

The following National Liberation Party members were elected to the Assembly board: Jose Luis Valenciano, president; Clinton Cruickshank, vice president; Johnny Ramirez, first secretary; Angel Marin, second secretary; Allan Benavides, first alternate secretary; and Orlando Avendano, second alternate secretary.

The Assembly meeting was uneventful but full of suspense, because it was feared that some blank votes might be cast. This could have resulted in the election of Luis Manuel Chacon, candidate of the Social Christian opposition, as Assembly president. [passage omitted]

El Salvador

FMLN Commander on Government 'Setbacks'

PA0805144588 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 8 May 88

[First of a two-part interview with FMLN Commander Dimas Rodriguez, member of the FMLN Political and Military Directorate, by unidentified reporter at the Modesto Ramirez Central Front, Chalatenango Department; date not given— recorded]

[Excerpts] [Reporter] Comrade Commander Dimas Rodriguez, in the current framework of the military struggle [words indistinct], how do you view the FMLN's position following the PDC's [Christian Democratic Party] and the government's setbacks and the failure of the Army High Command's military efforts?

[Rodriguez] Their political effort [words indistinct] is completely held up [words indistinct]. [passage omitted]

We know there is a tendency among the Salvadoran people to join forces against the government's political plan. The forces that identify themselves with the counterinsurgency plan are not united. On the contrary, they are increasingly divided and sinking into decadence. This is what is happening within the PDC. That is very clear. [passage omitted]

The government plan has also faced a series of military problems. The oligarchy has been demanding that the Army High Command respond to its demands. The

oligarchy is desperately demanding military victories from the High Command [words indistinct]. The oligarchy also demands that the Army stop the FMLN's sabotage of the oligarchy's economy. [passage omitted]

Recently, the Army decided to concentrate four forces in Chalatenango Department: the Atlacatl, Bracamonte, and Belloso Battalions, as well as Air Force units. The Army High Command, however, knows it cannot achieve the victories demanded by the oligarchy.

The enemy units are experiencing attrition. From April through today, we inflicted over 150 casualties in Chalatenango, and most of them were sustained by the special forces. In the same period, we inflicted over 85 casualties on the Army in Morazan Department. It is important to add that over 20 officers have been killed in combat this month. Those casualties include a lieutenant from the Tejutepeque police and a pilot. [passage omitted]

The government cannot deceive our people anymore. Its political plan has no chance of succeeding. The democratic process it talks about has no chance; it has been defeated. The PDC, which has been heading the political counterisurgency plan, is completely weakened. This is why the U.S. Government is wondering which Salvadoran political force it can trust to carry out the counterisurgency plan. If we think about which political force the U.S. Government can trust to carry out that plan, we get a very clear answer. The U.S. Government can trust neither the PDC nor ARENA [Nationalist Republican Alliance]. In other words, right now the Yankees do not really have a political force that can implement their counterinsurgency plan. This shows the great crisis the plan is experiencing.

There are Salvadoran political forces that have started to say that just as the municipal elections showed—in clear reference to the Legislative Assembly and to the true meaning of the Army High Command's power and the U.S. Embassy's participation—the [words indistinct] increasingly bogged down the country's political forces until they disintegrated into a power vacuum. [passage omitted]

[Reporter] Comrade Rodriguez, continuing with the Army High Command's military setbacks, recently we have heard [words indistinct] increasing operations against our forces. [passage indistinct]

[Rodriguez] [Words indistinct] military objectives. For example, we verified that during the second half of February, members of the Salvadoran Treasury Police went to Torola, Lempira Department, advanced from that Honduran town to the banks of the Sumpul River, marched north, and arrived in San Juan de la Cruz. They blatantly occupied Honduran territory.

In April, Salvadoran Air Force UH-1H helicopters also deployed troops near Villa Lorenzo. The troops advanced toward Sasalapa and Arcatao municipality here in Chalatenango. [passage omitted]

The Honduran and Salvadoran Armies have continued to coordinate their operations during the last 4 months, and the Salvadoran forces' presence in Honduran territory has increased significantly. The Salvadoran troops' presence in Honduran territory can only mean that they have plans to regroup and reenter Salvadoran territory. They had to enter Honduran territory to regroup, and this proves their weakness.

Furthermore, we have also ascertained that the Yankees want the Honduran Army to become more and more involved in the efforts to extend the Central American conflict throughout the region. Given this situation, the FMLN has categorically stated that we will take all necessary measures to defend our people from the increased aggressions of the Salvadoran and Honduran troops, which are obeying the Yankees' orders.

Guatemala

Reconciliation Commission Refuses To Mediate

PA1005212688 Panama City ACAN in Spanish 1756 GMT 10 May 88

[Text] Guatemala City, 10 May (ACAN-EFE)—The National Reconciliation Commission (CNR) of Guatemala will not mediate to achieve a dialogue between the government and the guerrillas, its president, Msgr Rodolfo Quezada Toruno, has said.

The clergyman said that the CNR "is only trying create a bridge in communication" between the government, headed by Christian Democrat Vinicio Cerezo, and the rebels "to try to set up talks to reach a dialogue."

Quezada Toruno called for an "end to the bloodshed that has been taking place in Guatemala for over 2 decades."

On 16 April in Costa Rica the CNR began the first contacts with leaders of the Guatemalan National Revolutionary Unity (URNG), which comprises three rebel organizations.

The CNR president said that even though "it is difficult to establish contacts" with the URNG leadership, a second round of talks is scheduled for 15 May in San Jose "to lay the groundwork for a dialogue with the government."

The Guatemalan rebel leadership has insisted on the continuation of the negotiations that were begun in Spain in October 1987 "to strengthen the democratic process and end the 27-year war."

Quesada Toruno said that the CNR's role is simply to offer its services and not to mediate in a dialogue between Cerezo's government and the guerrillas.

He pointed out that the effort "to bring the two sides together has not been productive."

The government, with the Army's support, has said it will not talk to the rebel groups because "to do so would acknowledge their belligerent status."

Honduras

Armed Forces To Prevent Contra Meeting

PA1005164888 Panama City ACAN in Spanish 1541 GMT 10 May 88

[Excerpts] Tegucigalpa, 10 May (ACAN-EFE)—Today the Honduran Armed Forces announced that they will prevent any attempt by the Nicaraguan contras to hold a political-military-type meeting on Honduran territory.

Juan Sierra Fonseca, official spokesman for the Honduran Armed Forces, said "the Nicaraguan people should resolve their domestic problems in Nicaragua, not in Honduras." [passage omitted]

Unofficial reports that were neither confirmed nor denied by the Honduran Armed Forces said the expulsion of several contras last week was carried out at the request of Colonel Enrique Bermudez, military commander of the Nicaraguan Resistance [RN]. Bermudez is opposed to holding cease-fire negotiations with the Sandinists because he believes that the only solution in Nicaragua is the military one and that negotiations should be approached from a position of strength.

The contra commander was scheduled to arrive yesterday in Honduras from Miami, where he held working sessions with the RN political leadership. His arrival was scheduled for 1700 (2100 GMT) in the city of San Pedro Sula, in the northern part of the country, from where he would have taken a private plane to Catacamas, Olancho Department, in eastern Honduras on the Nicaraguan border. [passage omitted]

It was impossible to find out from official or the usual unofficial sources whether Bermudez had arrived in Honduras, legally or illegally, or if the meeting of the RN commanders scheduled for yesterday took place. [passage omitted]

Armed Forces Deny FMLN Charges on Operations

PA1005171288 Tegucigalpa Cadena Audio Video in Spanish 1130 GMT 10 May 88

[Text] The Honduran Armed Forces have denied reports that they have participated in operations against Salvadoran guerrilla forces in the southwestern border zone. Yesterday the Honduran Armed Forces rejected the Salvadoran guerrilla groups' accusations and reasserted that they are prepared to defend Honduran borders against a possible rebel invasion.

Juan Sierra Fonseca, chief of the Honduran Armed Forces' press office, said our Armed Forces have never participated in operations against the Salvadoran guerrilla forces in the southwestern border zone. The Armed Forces' spokesman said the Honduran Armed Forces have reasserted their respect for other nations' domestic affairs and, in the same way, urge irregular forces operating in conflict-ridden neighboring countries to fully respect Honduras' sovereignty and territory.

Sierra Fonseca later criticized the fact that Salvadoran guerrilla forces have unnecessarily entered Honduran territory many times. On certain occasions they have even compromised the refugees living in the area by involving them in political-military issues. This endangers the situation of many refugees who have been given shelter.

The military spokesman also warned that the Honduran Armed Forces will continue to patrol the border area to defend and guarantee the people's security and the nation's territorial integrity.

Likewise, Sierra Fonseca said the Salvadoran guerrilla groups have yet to issue a formal protest. The state security forces will firmly and swiftly deal with anyone who causes unrest in the country, he concluded.

Nicaragua

Ortega Contacts Contras on Renewal of Talks

PA1005133388 Managua Domestic Service in Spanish 1206 GMT 10 May 88

[Text] President Daniel Ortega said he has held contacts with the Resistance in an effort to set a new date for a third round of talks in Managua to reach a permanent cease-fire. There is a proposal to extend the temporary cessation of offensive operations, the Nicaraguan leader said when he referred to the next meeting between the top-level delegations of the Sandinist government and the counterrevolutionary leadership.

'Several Thousand' Revolt Against Bermudez

PA1005202988 Paris AFP in Spanish 1946 GMT 10 May 88

[Text] Tegucigalpa, 10 May (AFP)—Today rebel sources confirmed that several thousand anti-Sandinists revolted in the last few hours against Colonel Enrique Bermudez, RN [Nicaraguan Resistance] military leader, in the Honduran town of Yamales, near the Nicaraguan border.

The uprising is led by Diogenes Hernandez (Commander "Fernando"), who yesterday, along with 36 field commanders and approximately 5,000 fighters, demanded Bermudez' immediate dismissal.

According to statements by a rebel source today, in view of the increasing deterioration of the crisis within the contra military branch, the RN Political Directorate made a secret trip to Honduras on Monday to try to resolve the conflict, but the two conflicting sides refused to meet with them.

Bermudez Loyalists Attack Contra Dissidents
PA1005224788 Tegucigalpa EL HERALDO in Spanish 10 May 88 p 37

[Text] At noon, approximately 200 anti-Sandinists soldiers, led by Commander Quiche (Juan Ramon Rivas Romero), loyal to the rebels' military chief, Enrique Bermudez Varela, ambushed a vehicle carrying contra units. The ambushed contras support dissident commanders "Tono," "Rigoberto," "Fernando," and "Tigruillo." As a result of this incident, two people aboard the pickup truck were injured.

The report was provided by a member of the counterrevolution who remains in contact with the commanders demanding Bermudez' ouster. The source added that the attacked soldiers were trying to enter Nicaragua. People loyal to Bermudez, who is also known as "Commander 380," attacked the dissident contras with heavy rifle fire near Yamales, El Paraiso.

The wounded are receiving attention at the rebel camp in that sector. It was impossible to determine how many people were on the ambushed truck. However, the source stated that the dissidents did not fire back because they have strict orders to avoid any clash with the other anti-Sandinist contras.

The source also said that Quiche had been operating in El Paraiso, and he only had 200 men under his command. However, all troop leaders loyal to "Commander 380" had been expelled from the region. However, he stressed that not a single shot was fired.

The leaders loyal to Bermudez abandoned their soldiers in the area along the border with Nicaragua, this person also noted. He added that troops headed by those commanders joined the dissidents.

According to other versions, the rebels were ambushed on their way to Danli. They were going to meet with Bermudez, whose arrival had been announced for yesterday. The dissidents wanted to ask him to allow their leaders, who had been deported by Honduran authorities to Miami, to return to the country. However, those reports were not confirmed.

A deep division emerged several days ago in the contra leadership. Several contra commanders have asked for the dismissal of top military leader Bermudez Varela, accusing him of corruption and of never having been on the battlefield.

The conflict emerged shortly after the Sapoa peace negotiations with the Sandinists took place. The Adolfo Calero faction agreed to a temporary cease-fire. An agreement was also made to concentrate the contras in previously demarcated areas. It was said that Bermudez Varela rejected these agreements.

Those who oppose "Commander 380" state that he and his followers do not have men under their command because of a rule stating that the officers who join the General Staff should not have this responsibility.

The source confirmed that there are 2,500 men on the Nicaraguan side of the border who reject Bermudez Varela. These men are led by "Commander Fernando" and four go-betweens [intermediarios]. They are heading toward Honduras to demand the removal of top military leader Bermudez Varela. This same person also said that they are being forced to go [to Honduras] because they lack logistical support, which has resulted because the aid approved by the U.S. Government has not reached them.

As EL HERALDO confirmed recently, "Commander Fernando" managed to escape from the Honduran police when the other commanders were arrested and deported. "Commander Fernando" is now leading his troops.

Yesterday, the commanders who rebelled against Bermudez forwarded a communique to EL HERALDO from their camps along the border stating:

"We, the Liberty Commandos, inform the Nicaraguan people and the free peoples of the world who support our struggle against Nicaragua's Marxist-Leninist regime that we totally support Commanders 'Rigoberto,' 'Tono,' 'Fernando,' and 'Tigrillo.' They are the commanders who have led us on the battlefields and have made sacrifices along with us as we struggle for true democratization in Nicaragua."

They stated: "We inform the Nicaraguan people that we do not accept the following people: Enrique Bermudez Varela (380), former National Guard [GN] colonel; Jose Benito Bravo (Mack), former GN sergeant: Armando Lopez (L-26), former GN sergeant; Manuel Rugama (Aureliano) former GN cadet; Juan Ramon Rivas Romero (Quiche), former GN major; Juan Gomez, former GN colonel; Ernesto Matamoros (Dr Tomas), former GN lieutenant; and Rodolfo Ampie (Invisible), former GN lieutenant."

The dissidents added: "We do not accept the aforementioned people because they are corrupt and because they negotiated with our blood, the commanders' blood.... The only thing we want is to change a small group of people who have never known how to lead us. We believe that it is necessary and indispensable for the commanders who have been with us throughout these 7 years of struggle,

who have experience in the war against tyranny, and who are aware of our sacrifices, to take over the leadership of the RN [Nicaraguan Resistance] army."

They added: "We will be assuring the Nicaraguan people that we workers, peasants, and students who comprise the RN army will not allow within our ranks dishonest people who want to return to the past."

In concluding, they noted that they will only accept orders from Commanders "Fernando" (Diogenes Hernandez) and his go-between cadres "who are now with us." The same applies to Commanders "Rigoberto," "Tono," and "Tigrillo," who were expelled to Miami.

Signing the communique are Commanders "Tiro al Blanco," "Dimas," "Ivan," "Solin," "Muzun," "Sakie," "Cornelio," "Pofi," and others.

Visit by Yemeni Party Leader Continues

Aden on Arrival

LD1005215188 Aden Domestic Service in Arabic 1900 GMT 10 May 88

[Excerpts] Yesterday afternoon Brother 'Ali Salim al-Bid, secretary general of the Yemeni Socialist Party [YSP] Central Committee, and his delegation arrived in Managua, capital of the Republic of Nicaragua. He was accorded an official reception by Comrade Daniel Ortega, coordinator of the Sandinist Front and president of the Republic of Nicaragua, and a number of officials from the leadership of the Front and government.

On arrival at the airport, Brother 'Ali Salim al-Bid made a statement in which he expressed his happiness at visiting the Republic of Nicaragua, a country linked to Democratic Yemen by a joint struggle against imperialism and in support of independent national decision-making, democracy, and social progress. He pointed out that during the visit he would discuss with the comrade leaders of the revolution, led by Comrade Daniel Ortega, many issues relating to coordinating the common struggle against imperialism and the struggle which ought to be escalated throughout the world for the preservation of peace and resistance to the politics of brutal aggression practiced by imperialist circles in the United States against more than one country and more than one region in the world. There will also be a discussion of issues relating to bilateral relations linking the Yemeni and Nicaraguan revolutions and the peoples of the two friendly countries. [passage omitted]

Brother al-Bid expressed his appreciation for the further development of relations between the Yemeni and Nicaraguan peoples on the basis of the struggle against imperialism, oppression, and injustice and for freedom, democracy, and social progress.

Ortega Speech to Delegation

PA1105035188 Managua Domestic Service in Spanish 0058 GMT 11 May 88

[Speech by President Daniel Ortega Saavedra at the Cesar Augusto Silva Convention Center in Managua following a meeting with delegation headed by 'Ali Salim Al-Bid, secretary general of the Yemeni Socialist Party—live]

[Text] Comrades of the Yemeni delegation, I wish to extend to you the greeting of the FSLN and the Nicaraguan people. We feel very honored by your visit, and tonight we are going to close this round of talks with agreements between the people's committees; between the Governments and Foreign Ministries of the People's Democratic Republic of Yemen, PDRY, and the Republic of Nicaragua; and between the YSP and the FSLN.

In this manner we are reaffirming the ties that join our peoples, and we are reaffirming our friendship, which is not a friendship of circumstance, but a friendship of principles.

There are some who sign agreements with imperialism to attack and commit aggression against peoples and to destroy revolutions. We peoples, we revolutionaries, have an equal right to sign agreements to strengthen our processes of change and transformation.

Tonight the FSLN—as vanguard of the Nicaraguan revolutionary process; as the representative of the class interests of the Nicaraguan workers, of the laborers, of the peasants, and of the patriotic, anti-imperialist, revolutionary forces—will sign an agreement, as a party, with a brother party: the YSP.

We are very happy to be signing this agreement with a revolutionary party, because this confirms the validity and the strength of the Nicaraguan revolution and the PDRY revolution. We are confronting imperialism here, and you are confronting imperialism over there. We are confronting reactionary forces here, just as you are confronting reactionary forces over there. Here we are on the side of workers who sustain this revolution, and you are over there at the side of the workers; defending your revolution; facing difficulties, as is to be expected; and struggling against the enemy's attempts to divide and thus destroy.

Our revolutionary processes continue to strengthen each day. We have strengthened our internal unity; we have strengthened the unity among our party's rank and file; we have strengthened the unity of awareness among our people; and we have strengthened the ideological unity among the Nicaraguan people, who no longer let themselves be fooled or caught off guard by imperialism or the rightist parties in our country who are the allies of imperialism, thus the enemies of the Nicaraguan working class.

The unity of the revolutionary forces throughout the world is also essential in strengthening the battle fronts on which all revolutionaries must fight. Despite the distance that separates us, Nicaragua and the PDRY confront the same situation. We have a common front, a common front that unites us and has brought us together here in Nicaragua. This is a common front in which the belligerence of the revolutionaries is necessary to defend our people's right to self-determination, sovereignty, and independence. This unity among the revolutionary forces of the world is also necessary so we may learn from our experiences. This is very important for our peoples, who find themselves confronting limitations, difficulties, and sacrifices imposed by foreign aggression.

A few days ago, U.S. Secretary of State George Shultz and other U.S. officials met in Washington with the Nicaraguan counterrevolutionary Directorate. Our enemies met to conspire against, to attack, peace. They are trying to destroy the Nicaraguan revolution. The enemies of the Middle East have also met to conspire against the interests of the peoples in the Middle East, the interests of the Palestinian people, against the interests of the PDRY people. Our enemies meet, our enemies unite, to conspire against our peoples, to attack the sovereignty and self-determination of our peoples, to deny our peoples their right to freedom, justice, and democracy. Therefore, the revolutionaries are also forced to (?take actions). We must meet to speak of our experiences, to learn from our experiences, to strengthen our internal unity, to strengthen our (?international rights), and to defend the interests of our people. We must defend our freedom, justice, peace, and democracy.

The enemy is strong here. However, the unity of the people and workers is stronger than any unity among the exploiters or action on the part of imperialism.

This evening, we wish to reiterate our solidarity with the people, party, and Government of the PDRY. We also wish to thank you for your visit to our country.

Thank you. [applause]

'Al-Bid Responds

PA1105043788 Managua Domestic Service in Spanish 0110 GMT 11 May 88

[Speech by 'Ali Salim al-Bid, head of a visiting delegation from the Yemeni Socialist Party, at the Cesar Augusto Silva Convention Center in Managua following a meeting with President Daniel Ortega Saavedra—live in Arabic with passage-by-passage translation into Spanish]

[Text] Dear Comrade Daniel Ortega, comrade ladies and gentlemen:

I can add nothing to what Comrade Daniel Ortega has said. He has spoken for us all. I only wish to reiterate that these agreements resulting from this visit will represent a step forward in the consolidation of our relations and the development of these relations in various areas.

In signing these agreements, we raise our heads and our voices, because we are doing this to promote our countries' cooperation and development, the advancement and progress of our peoples, cooperation for peace, and cooperation in the struggle against hunger and disease.

All dogmatic policies that have been directed against the peoples have failed. The struggle of the masses for social justice and socialism has prevailed in the world, and today the entire world adheres to a progressive policy. The ineffectiveness of the imperialist policy has been truly demonstrated, and we believe that the policy of pacifism pursued by all socialist, developing, and peace-loving countries will triumph.

We believe that the USSR's pacifist policy seeks to improve the situation in the world and to promote the struggle to preserve humanity. There is a choice: Mankind will either die or be preserved. This situation requires that we further coordinate our steps and our efforts so that this pacifist policy will prevail and we can guarantee the survival of humanity.

We in the underdeveloped, backward countries are working for social justice and equality, and we must close the distances between us. We must continue carrying out these visits and exchanges in the future in all areas. In signing these agreements, we reaffirm our decision to work for the things agreed upon, and we express our appreciation of the welcome and generosity with which we were received. We also express our satisfaction with the concurrence of opinion that has prevailed during the talks.

We reiterate our support for the Nicaraguan people and the FSLN. We are convinced and certain that our relations will be strengthened in various areas.

Thank you very much. We wish you great success in your endeavors, and we wish the Nicaraguan people success in all areas. You deserve that success and you will achieve it.

The policies of aggression have failed, and the imperialists and reactionaries will have to revise their policies. Moreover, we demand that they change those policies, because they will not be able to continue to pursue them. We are small countries, but we are strong, because our cause and our principles are just.

Meetings of this type further close our ranks and further unite us. They prepare us to move forward in our common struggle against imperialism, Zionism, racial discrimination, hunger, disease, and ignorance. For this reason, we must strengthen our cooperation. In the future, we will have other opportunities to sign many

other agreements. We sign these agreements with our eyes on the future. The future belongs to us entirely. History is on our side. For this reason, we have to continue struggling. We have to work hard, leaning on the humble masses of our people, always placing their interests in the forefront.

We greatly admire the things that you are doing, and we wish to express the sincere greetings of our party, our government, and our people. You may be confident and certain that you have friends and allies on whom you can rely: democratic, socialist forces.

Thank you very much. [applause]

Panama

Government Said To Close 15 Consulates in U.S.

PA1105002388 Paris AFP in Spanish 2141 GMT 10 May 88

[Excerpt] Panama City, 10 May (AFP)—It was learned today through reliable Foreign Ministry sources that the Panamanian Government has ordered the closure of 15 consulates in the United States to keep the opposition from "illegally" operating in them.

The measure was adopted this week by President Manuel Solis Palma's government because the U.S. Government continues to recognize President Eric Arturo Delvalle—ousted by the Panamanian Legislative Assembly on 25 February—thus recognizing several of Delvalle's government officials.

For the past 2 months, especially in the United States, consuls appointed by President Solis Palma and ousted President Delvalle have been fighting for diplomatic status and the use of the offices. However, the Foreign Ministry sources have said that to avoid further problems, the consulates have been closed as of today, and no one is authorized to sign official Panamanian documents.

Hugo Torrijos, director of the Finance Ministry's Consular and Ships General Directorate, added that the consulates have been closed since 26 February when Delvalle was ousted and Solis Palma appointed.

Torrijos added that even though the consulates are closed, this does not affect the Panamanian Merchant Marine because the Panamanian Consular and Ships Section in New York continues to operate. Without providing specific figures, Hugo Torrijos said that the ship registry and cargo activities reported "very good" growth in March and April compared to last year.

"There will be no negative impact" on commerce, the Panamanian official said. He added that the consulates that were closed were small ones. The official mentioned the consulates in Los Angeles, New York, Florida, and Washington, which were occupied by followers of former President Delvalle.

The Panamanian Embassy in Washington may also be affected because of diplomatic incidents among the representatives of the former and current governments. [passage omitted]

[Hamburg DPA in Spanish at 2346 GMT on 10 May reports that the Panamanian Foreign Ministry has said "it has no information on the alleged closure of Panamanian consulates in the United States." In addition, DPA cites an anonymous "presidential source" who says "the report on the closure of the consulates in the United States is completely false and is part of the 'U.S. psychological war against Panama.'" "We cannot disregard the possibility," the source adds, "that such a report originated from diplomatic officials who were appointed by Arturo Delvalle and are recognized by the White House."]

Pilot of U.S. Envoy's Plane on Incident

PA1105025188 Panama City Televisora Nacional in Spanish 0000 GMT 11 May 88

[Text] Rigoberto Ng, the pilot of the plane that this past weekend transported U.S. Ambassador Arthur Davis from Contadora Island to Panama City, resulting in an incident between U.S. officials and Panamanian airport security personnel, today provided details on how he was ordered by Arthur Davis to take the plane under the ambassador's authority to Howard Air Force Base. Ng said:

[Begin Ng recording] Billy Lewis [copilot of the plane and Ng's employer] told me that a shotgun was being pointed at someone. He stopped the plane. I asked him what had happened and he said that they were pointing a gun at someone. We had stopped and were looking at a group of people while a bodyguard inside the plane was speaking over the radio with a bodyguard who was outside among the group of people. I was unable to understand what they were saying, but this bodyguard said he did not consider it appropriate for the ambassador to get off the plane there. Then the ambassador, almost at the same time as my boss Billy Lewis, told me that we should take off for Howard.

The control tower advised us that we could not land at that airport unless we had an emergency. They asked me whether I had an emergency, and I replied that we more or less did, because the plane itself had no problem but the ambassador wanted to land there. The Howard control tower answered that I had to declare an emergency to land there. Ambassador Davis said we had an emergency, and Billy Lewis, who is my boss, said yes, tell them we have an emergency. That is what I did.

They had told us to fly eight miles south. Billy Lewis, who was at the controls of the plane, was heading there. After a short lapse of time, they called us back and told us we were authorized to land. After we stopped the plane we stepped out and were led into the terminal, where we spent approximately 15 minutes. When I asked for instructions to take the plane to Paitilla Airport, a

man in civilian clothing, but who was apparently a high-ranking military officer, told the ambassador that it would be better to leave the plane there. I asked him what the problem was and why I could not take the plane out, and he told us to leave the plane there. [end recording]

Meanwhile, Televisora Nacional reporters, when they learned of the possibility that the plane would be returned to its owner, Hugo Giraud Jr, tried to get into Howard Air Force Base, but U.S. troops stopped them at the first gate. Foreign correspondents and Giraud Jr were there and were also denied entry. No picture-taking was allowed.

Domitilo Cordova, deputy director of the DENI [National Department of Investigations], arrived at Howard to begin an investigation, but he made no statement.

Positive Effects of Noriega Candidacy Viewed
PA1005154088 Panama City MATUTINO in Spanish 10 May 88 p 4

["Let the People Judge" column by Ricardo Lince: "Candidate Noriega"]

[Text] There are groups that argue that the best way to save Noriega from exile is to present him as the presidential candidate of a nationalist, populist front. This is because it would be one thing for U.S. democracy to remove a military commander and another to force a presidential candidate to leave his fatherland.

I believe Noriega's prestige and wise, balanced character does not require these extreme justifications, above all because on its own strength and through the natural course of developments, that candidacy will not only be the result of circumstances but will be the best result of such circumstances.

Noriega's candidacy would give a new aspect to the Noriega syndrome in Washington, giving it a political dimension and providing a way out of the stalemate in which the U.S. President, who is at the end of his term and who has to prepare for his retirement, finds himself. Noriega's candidacy is the result of the instinct of the public, which is astutely one step ahead of events and defies the challenges of a crumbling colonialist policy.

Noriega's international standing is the result of an enormous propaganda campaign that bewildered a world that bases order on respect for legality. It is also the result of his national stature as a popular leader, which, sooner or later, will lead to a presidential candidacy based on the inevitable agreement of all opposing forces.

As constitutional president, Noriega would be Panamanian nationalism's response to the most criminal, outrageous insult to the nation. His presidency would be the response to the challenge to national sovereignty and dignity as the countdown to returning the canal to Panama nears the year 2000, a time when Panama needs a figure who neither gives up nor backs down.

For U.S. democracy, the Republican Party, and Reagan, Noriega's candidacy would test their party's principles close to the elections, as well as the principles of their Declaration of Independence and democracy. The United States could tell the world that faced with this candidate, who is in the race so the Panamanian people can democratically elect their president, it has decided to take its hands off Panama. To do otherwise would again show its colonialist impudence.

Delvalle Broadcasts, Undercover Status Viewed
PA1105033988 Panama City Televisora Nacional in Spanish 0000 GMT 11 May 88

[From the "Today in the World" commentary by Luis Manuel Martinez]

[Excerpt] Let us start with some fast items: Tuturo's [nickname of President Eric Arturo Delvalle] speeches have started already; they are being aired over [(clandestine)] Radio Constitucional. The puppet needs a wardrobe of clothes, and the puppet has been dressed as the Constitution. Tuturo, who has been constitutionally dismissed, insists that he represents democracy's moral and spiritual values, and he has just given a sample of these values. He has sent a large shipment of arms to his sugar mill in Aguadulce Province [provincia]. He has surrounded the mill with people armed with rifles; he has surrounded the feudal sugar mill that he inherited from his elders with wagons and vehicles.

This means that if Tuturo is hiding in U.S. territory, the area of Aguadulce becomes an extension of this territory. This is because the people and the weapons Tuturo sent are there, but he has not shown up in Aguadulce. Therefore, this is new territory taken over by the captive president, who has still not shown his face on a Panamanian street since 25 February 1988.

Of course, Tuturo's bravery is admirable—the way he arms the people; the way he gets them to care for his properties. He, of course, remains well under cover. That is why these leaders have no profile or presence, because when there is no courage to march at the lead of those men whom he ordered to go out and face danger, the whole message dissolves into just one more maneuver of people who entrust their destiny to the force of a foreign empire. [passage omitted]

Argentina

Vice President on Abrams' Remarks on Arms

PY1005184488 Buenos Aires TELAM in Spanish 1503 GMT 10 May 88

[Excerpts] Buenos Aires, 10 May (TELAM)—Vice President Victor Martinez has said that Argentina does not need arms to save its democracy. He was making inference to recent declarations by Elliott Abrams, U.S. assistant secretary of state for inter-American affairs.

The U.S. official had said that the supply of U.S. arms to Argentina was necessary to support President Raul Alfonsin's administration and the country's democratic system.

Martinez made the above comments to journalists accredited to Government House after a meeting with President Raul Alfonsin. [passage omitted].

Martinez said that he discussed with the president, among other things, the issue of armaments and U.S. help, or cooperation, in the modernization of our Armed Forces.

Martinez stressed that Abrams' remarks should be clarified because this U.S. help or cooperation refers to a program that was discontinued as a consequence of the Malvinas War and is exclusively applied to the modernization of the Armed Forces.

The vice president stressed that Abrams' remarks should not be interpreted as if we needed arms to sustain our democracy. [passage omitted]

Jaunarena Comments on Impact of Budget Cuts

PY101325 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1900 GMT 9 May88

[Text] Cordoba, 9 May (NA)—Defense Minister Horacio Jaunarena denied here today that the government has "changed its military policy." He assured journalists that "the Armed Forces operational capability will not be affected by the budget adjustment," adding that the British attitude regarding the Malvinas is "obstinate."

Jaunarena talked with journalists at the School of Military Aviation after presiding over a ceremony to mark the delivery of the first three Argentine-made IA-63 airplanes to the Air Force. He also talked about relations with Great Britain.

Asked if new conditions exist for resuming contacts with Great Britain on the issue of the Malvinas, Jaunarena said: "I can only perceive an obstinate attitude of the British Government against the resumption of negotiations."

Regarding the effect of the government's public expenditure cuts on defense, Jaunarena said: "Of course we will implement the adjustments ordered by the president," and he added "we will economize by rationalizing our expenses, but operational capability will not be affected."

Jaunarena was then asked if the government had modified its military policy after the Monte Caseros incident [rebellion led by Aldo Rico in January 1988]. Jaunarena categorically denied this and added: "The government has had a single military policy since 1983 and is striving to provide the tools for the Armed Forces to attain a more professional level. We are now working to adequately re-equip."

Arosa To Discuss Joint Naval Exercises in U.S.

PY1005223388 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1825 GMT 10 May 88

[Text] Buenos Aires, 10 May (NA)—Argentina will again take part in joint naval operations with Latin American and U.S. Navies next year. The logistical details of the operations will be defined during the Inter-American Naval Conference that will be held next week in Norfolk. Navy Chief of Staff Rear Admiral Ramon Arosa will attend the conference.

This information was reported by a high-ranking Navy source, who added that a message that will be delivered by Rear Admiral Maximo Rivero Kelly, Navy deputy chief of staff, on 17 May "will emphasize the importance the Navy has given to the defense of maritime interests. It will also recall the Navy's pioneer work in the Argentine southern region."

On 17 May, when the Navy celebrates its anniversary, Rivero Kelly will deliver the message to the force on behalf of Arosa, who will be attending the naval conference.

According to the source, Arosa—who will leave for the United States tomorrow night—will first make "an inspection" visit to the Argentine Navy attache offices in the United States. He will then meet with U.S. and Latin American diplomats in Washington.

Later, Arosa will travel from Washington to the U.S. Naval Base in Norfolk, where the meeting of American chiefs of staff will be held.

Arosa will return to Argentina on 23 May, a few hours before the frigate "Libertad" leaves the country, during a ceremony President Raul Alfonsin will attend.

Regarding the joint operations, the source explained that these operations will be different from those organized by the United States, which are known as "Unitas" exercises.

These operations will be carried out by U.S., Brazilian, Argentine, Chilean, and Peruvian ships, which will navigate and perform maneuvers in the Atlantic and Pacific Ocean coasts for 4 months.

Some Colombian and Venezuelan ships may also take part in the operations. "All these details will be decided upon during the Norfolk naval conference," the source reported.

The "fundamental" difference between the "Unitas" exercises and these is that during the "Unitas" operation, U.S. ships sailed the seas, and each country's ships joined them for 10 days and later returned to their bases, the source explained.

"When the 'Americas' Operation is approved," the source said, "each country will appoint a certain number of ships to take part in the operation. These ships will perform the exercises together during the 4-month operation. Thus, the crews will have more opportunities to increase their technical knowledge and to practice joint planning."

Another matter to be discussed at the Norfolk meeting is the possibility of alternating the leadership of the exercises among all the countries taking part, instead of concentrating all the decisions in the hands of the U.S. Navy, as is the current policy.

The Norfolk meeting's debates will center mostly on determining the "logistical problems of the operation," the source said, "because such a long lasting operation creates supply needs that imply considerable economic efforts."

Another point to be debated during the naval conference is the date for next year's operation and which country will be the "seat" of the exercises.

Regarding Navy Day, which will be celebrated on 17 May, the source explained that the ceremony will be presided over by Rivero Kelly, who will give special emphasis "to the importance the Navy has given maritime insterests, which are also national interests."

"He will also comment on the Navy's pioneer work being performed in south," the source said. The ceremony will be held at the Puerto Belgrano Base.

The source also commented on the squad of planes that is in Israel [not further identified], and said: "For the time being, we probably will not be able to incorporate these planes into our force," in view of the conflict with the United Kingdom over the Malvinas Islands.

"The Navy is trying to recover the money already paid for those planes," the source said. He then added: "The money will probably be returned to us soon."

Sempe on Hostilities Halt, Maneuvers, U.S. Arms

PY101336 Buenos Aires TELAM in Spanish 1051 GMT 10 May 88

[Text] Buenos Aires, 10 May (TELAM)—The Foreign Ministry secretary for special affairs, Raul Alconada Sempe, has stressed that Argentina will not declare a cessation of hostilities without a reciprocal British measure and that our country will support the joint maneuvers within the framework of the "Americas Operation" because it will afford a very good chance to be trained and to have access to modern technolgy.

In a statement to the morning newspaper "PAGINA 12," Alconada Sempe said that contrary to the "Unitas" maneuvers, in which the U.S. Navy staged maneuvers with the navies of each country on the continent, in the "Americas Operation" the navies of the region design the maneuvers from an all- encompassing viewpoint, and that is how the exercises are conducted.

Concerning the provision of U.S. weapons to our country, Alconada Sempe said that Washington believes that it would be easier if the Argentine-British relations were more friendly. He explained that U.S officials have arrived in Buenos Aires to address defense and military equipment issues because the replacement parts needed for the equipment currently used by Argentina will be cheaper if purchased from the manufacturer of the equipment, adding that the great powers offer better financial terms.

Asked about the Argentine position toward the situation in Panama, Alconada Sempe stressed that we will preserve at all times the principles of nonintervention, noninterference, and self-determination. He denied that Argentina will support a maneuver aimed at displacing Manuel Noriega.

Gen Suarez Mason Extradited From U.S.

PY101341 Buenos Aires TELAM in Spanish 1226 GMT 10 May 88

[Excerpts] Buenos Aires, 10 May (TELAM)—Tomorrow or Thursday the Buenos Aires Federal Court of Appeals will begin taking the testimony of dismissed General Carlos Suarez Mason, who yesterday was extradited from the United States. Mason is charged with 39 counts of homicide between 1976 and 1979, when he was chief of the I Army Corps.

The former general is being kept incommunicado in a Justice Palace annex awaiting the official translation of U.S. Judge Lowell Jensen's decision authorizing the deportation. This decision has to be sent to the court through the Foreign Ministry. [passage omitted]

Yesterday Suarez Mason, 64, was brought to Argentina on a commercial flight from Miami, United States, after a 15-month court case during which defense lawyers unsuccessfully attempted to prevent the extradition.

Suarez Mason was the only high-ranking officer who tried to avoid being tried in Argentina by escaping from the country before his trial for human right violations during the repression of subversion.

He remained at large for 3 years before being arrested in Foster City, California, in January 1987.

Brazil

Nobrega Says URP Freeze Part of 'War Economy'

PY1005130988 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 10 May 88

[Excerpts] Finance Minister Mailson da Nobrega has said that the URP [Price Reference Unit] freeze measure is just part of the war economy that will be implemented in the country.

He made this statement during a meeting with judiciary branch officials and President Jose Sarney in the Alvorada Palace on 8 May.

Labor Court President Marcelo Pimentel said that new economic measures will be implemented in the next few days. He said that the URP freeze is just one part of the economic program which also foresees cuts in subsidies, investments, and expenditures that could be postponed. Pimentel said that the country will begin what ammounts to a war economy phase. [passage omitted]

Government House spokesman Carlos Henrique asserted that the government will only dismiss public employees as a last resource to reduce the public deficit. He said that the URP freeze was implemented to avoid dismissing public employees. [passage omitted]

Carlos Henrique said that to avoid dismissing employees, the government adopted a softer measure, that is, it has frozen the URP for 2 months. The freeze will end by 30 May, and from that date the salary readjustment based on the URP will be paid as usual to the public employees.

The presidential spokesman said that the dismissal of public employees will be implemented by the government only as a last resort to maintain the public deficit at 4 percent of the Brazilian GDP. [passage omitted]

On Inflation, Deficit, IMF

PY1105131388 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 10 May 88

[Text] The government has no plans for curbing the inflation in the very short term, Finance Minister Mailson da Nobrega has said. He denied the possibility of an economic shock, because he does not believe in miracle cures to reduce inflation.

He said inflation is caused by the high public deficit, so the government strategy is to concentrate on controlling this deficit. However, there is no time limit for achieving this, he said.

The finance minister said an agreement with the IMF could be reached in June. However, he does not accept the creditor banks making their credits conditional on Brazil's compliance with the goals recommended by the IMF.

Chile

Matthei on Amending Constitution, Plebiscite

PY101153 Santiago Domestic Service in Spanish 2300 GMT 9 May 88

[Text] General Fernando Matthei, Chilean Air Force [FACh] commander in chief, has said that if the possibility of amending the Constitution in order to call open elections is raised, he would not oppose it. He made this remark during a news conference upon returning from the United States, where he participated in institutional meetings. [recorded passage indistinct]

Gen Matthei made it clear that he has not heard any junta member mention such a possibility. This proposal should be raised by government policymakers, the Government Junta member said.

Concerning the effectiveness of the Constitution after the plebiscite, Matthei emphatically said that all the Armed Forces commanders in chief are firmly resolved to make everyone respect the Constitution because the Constitution is beyond discussion.

[Begin Matthei recording] I have heard several members of the opposition furiously demanding that on the day following the plebiscite the entire system must be wiped out. Concerning this possibility, I would like to say just one thing. We, the commanders in chief, will have all the resolve and energy required to uphold the Constitution, and if someone wants to depart from the Constitution and claim that it is no longer effective, then it will be up to the Armed Forces to determine who wins or loses. However, the Constitution is beyond any discussion. The Constitution is beyond discussion in any of these plebiscites, and just one person, the person who will be proposed as president, is under discussion. However, the Constitution and the system are not under discussion, and we will uphold them at any cost. [end recording]

The FACh commander in chief said that if the Constitution is not amended, the plebiscite will probably be held in October.

Gen Matthei also made it clear that while he was in San Antonio, Texas, he personnally decided to cancel a meeting with U.S. Secretary of State George Shultz.

Asked about his reasons for making this decision, Matthei said that he did not want to elaborate on this matter. He reiterated, however, that it was a personal decision. I am responsible for this decision, the Government Junta member said.

Interior Minister: Plebiscite To Be Held

PY1105021388 Santiago Radio Chilena Network in Spanish 2300 GMT 10 May 88

[Text] Today Interior Minister Sergio Fernandez affirmed that the executive branch will not take the initiative to hold an open election instead of a plebiscite. So, the plebiscite will be held. Minister Fernandez thus answered a question regarding the declaration made recently by junta member General Fernando Matthei.

Minister Fernandez reiterated that the executive branch is not considering any initiative in that regard, that the 1980 Constitution will not be modified, and that the plebiscite will be held. He added that there is no political initiative in Gen Matthei's statement. He emphasized that the timetable leading to the plebiscite will be followed. Finally, Minister Fernandez said that Gen Matthei was clear in stating his position on this matter.

Ailwyn on Opposition No Vote Support Document

PY1005185488 Santiago Radio Chilena Network in Spanish 1700 GMT 10 May 88

[Excerpt] This morning leaders of the 15 political parties that have agreed to support the no vote in the plebiscite signed a document entitled "Socioeconomic Commitment of the No Vote Campaign," in which they pledged to support 21 economic measures in a future democratic regime. The document was signed during a ceremony held at the Isla Negra Hall of the Tupahue hotel.

Christian Democratic Party leader Patricio Ailwyn, who delivered a speech, reiterated that by supporting the no vote in the plebiscite, the people will demand, among other things, free elections in the shortest possible time, both for president and for a congress empowered to amend the Constitution. He added that the 15 parties vow that after the victory of the no vote, they will reach an agreement with the Armed Forces on conditions for a rapid and orderly transition to democracy. Ailwyn said that the document is not a joint program of government by the 15 parties.

[Begin Ailwyn recording] It is not a joint program of government, but rather a commitment whereby all 15 parties pledge to include these shared objectives and criteria in our respective party programs. Some of our parties have already adopted these objectives in their programs that have already been formulated. Others may do so in the future. The important thing is that all parties have assumed responsibility for sponsoring and supporting the policies and measures that we are announcing now, so that they may be enforced by the first democratic government to be freely elected by the people, regardless of whether or not we participate in that government. [end recording] [passage omitted]

MIR Denies Involvement in CNT Rally Incident

PY1005122588 Santiago EL MERCURIO in Spanish 5 May 88 p C-2

[Text] The Movement of the Revolutionary Left (MIR) National Secretariat has sent a letter to National Worker Command President Manuel Bustos expressing the solidarity and support of that ultraleftist organization in the wake of the aggression that he suffered during the rally held last Sunday at bus stop No 1 of the Gran Avenida.

In the letter, the MIR states that Bustos was not attacked by MIR members and that the incident "is the responsibility of a group of provokers who must publicly admit their involvement in such base actions."

During the CNT rally, groups of hooded people wearing emblems of the MIR and of the Manuel Rodriguez Patriotic Front (the armed branch of the Communist Party) militias attacked demonstrators with chains and stoned the stage, where Bustos was standing.

Briefs

First Quarter Trade Surplus

The Central Bank has reported that this year's first quarter trade balance has registered a surplus of $593.7 million, a figure that is more than 3 times last year's first quarter surplus of $184 million. This year's first quarter surplus is more than one-third of this year's projected trade surplus. [Excerpt] [*PY1005123188 Santiago EL MERCURIO in Spanish 3 May 87 pp A-1, 11*]

Colombia

Arrest Warrant Against Escobar Suspended

PA1005224988 Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 10 May 88

[Text] Today the State Council confirmed and ratified the suspension of the arrest warrant against Pablo Escobar Gaviria and other members of the so-called Medellin Cartel. Consequently, none of them can be detained or extradited.

Justice Minister Enrique Low Murtra has reportedly filed a petition [recurso de suplica] against the State Council's decision.

Justice Ministesr Low Murtra had issued an arrest warrant against five members of the so-called Medellin Cartel. However, that decision was contested by Pablo Escobar Gaviria's lawyers.

Today, the State Council decided to suspend temporarily the arrest warrant for extradition purposes against Pablo Escobar Gaviria. Once Justice Minister Low Murtra learned about the State Council's decision, he filed a petition in court.

Based on a report presented by Magistrate Simon Rodriguez, the State Council today ratified the suspension of the arrest warrant against Pablo Escobar. Consequently, none of the five members of the so-called Medellin Cartel can be detained for extradition purposes.

The State Council based its decision on the extradition treaty's inapplicability because its approving laws have been declared unconstitutional and because the Montevideo Treaty cannot be applied.

Today the State Council also asked the media to be more considerate toward judges, stressing that although some of them have committed irregularities, others are risking their lives every day.

Paraguay

Envoys Seek Safe Conduct Passes for Refugees

PY1005231088 Asuncion ULTIMA HORA in Spanish 10 May 88 p 8

[Text] "This morning the Colombian ambassador and I met with Minister Carlos Augusto Saldivar at the Foreign Ministry to hand him the text of the statement drafted by our presidents urging the Paraguayan Government to issue safe conduct for the refugees," Argentine Ambassador to Paraguay Raul Quijano told ULTIMA HORA.

"The foreign minister did not give us an immeidate answer. We gave him the statement, and we are now waiting for his prompt reply." Ambassador Quijano said.

Ambassador Quijano and Colombian Ambassador Vicente Martinez Emiliani talked with Minister Saldivar for about half an hour, the Argentine ambassador said.

We must remember that during their recent meeting in Bogota, Argentine President Raul Alfonsin and Colombian President Virgilio Barco Vargas jointly urged the Paraguayan Government to issue safe conduct for Captain Napoleon Ortigoza and Dr Hermes Rafael Saguier, who have sought refuge at the Colombian Embassy in Asuncion; and for Dr Miguel Abdon Saguier, who requested asylum at the Argentine Embassy.

Yesterday Paraguayan Foreign Ministry spokesmen reported that the problem may be resolved this week. They did not comment, however, on what the solution would be.

According to reports, the refugees, particularly Capt Ortigoza, are waiting for assurances of safe conduct to leave the country because that would give them the status of political refugees. Apparently, however, the Paraguayan Government is willing to give the three men guarantees to leave the country.

Brazilian Envoy Arrives, Meets Stroessner

PY1005231788 Asuncion ULTIMA HORA in Spanish 10 May 88 p 13

[Text] This morning Dr Paulo Tarso Flecha de Lima, Brazil Foreign Ministry secretary, arrived for a short 24-hour visit during which he will discuss important matters of bilateral relations between Paraguay and Brazil.

Shortly after his arrival, Flecha de Lima met with President General Alfredo Stroessner in the Government Palace. Later the Brazilian Government envoy told the press: "The meeting was a deference from President Stroessner, who thus gave a generous welcome. I came on a personal visit, but Paraguayan Government officials provided me an opportunity to make important contacts. I consider our relations to be excellent. We are neighbors and maintain exemplary relations, which I expect to continue."

Dr Flecha de Lima also met with Foreign Minister Dr Carlos A. Saldivar.

Taiwanese Foreign Minister Arrives for Visit

PY101409 Asuncion HOY in Spanish 10 May 88 p 11

[Excerpt] Yesterday ROC [Republic of China] Foreign Minister Ding Mou-shih arrived on an official visit to our country. During his stay in Paraguay, the ROC minister will meet with government officials within the framework of the good bilateral relations maintained between our countries. He will also participate in the festivities to commemorate the Paraguayan independence anniversary and he will attend the opening of an exhibition of Taiwanese cultural and commercial products.

The Taiwanese minister arrived early yesterday afternoon heading a mission of high-ranking government officials of the ROC. He was received at the international airport by Paraguayan Foreign Minister Carlos A. Saldivar and other national government officials. Taiwanese residents, headed by ROC Ambassador to Paraguay Wang Sheng, were also present at the airport. [passage omitted]

Peru

Cabinet Presents Formal Resignation to Garcia

PA1105013588 Paris AFP in Spanish 0030 GMT 11 May 88

[Excerpt] Lima, 10 May (AFP)—Today spokesmen for the ruling APRA Party reported that the Peruvian Council of Ministers, headed by Guillermo Larco Cox, has formally presented its resignation to President Alan Garcia, who today was carrying out consultations to form a new cabinet.

The resignation has not yet been officially accepted by President Garcia, who met at the Government Palace this morning with the main APRA leaders.

Senator Javier Valle Riestra said that during the meeting with the chief of state, the APRA leaders discussed the makeup of the new cabinet, but that it is not yet known whether Prime Minister Guillermo Larco Cox will leave his post.

Valle Riestra said that if Larco Cox resigns, he might be replaced by Armando Villanueva, alternate APRA secretary general, who is considered to be an APRA ideologue.

This is the hypothesis advanced by analysts and spokesmen for the opposition parties.

Agriculture Minister Remigio Morales Bermudez said in an interview published today by the newspaper EL COMERCIO of Lima: "All the ministers have placed our positions at the president's disposal, so that he can decide what is best for the country." [passage omitted]

Venezuela

Reduced Oil Revenues Cause Currency Shortage

PA1105004588 Caracas Venezolana de Television Canal 8 in Spanish 0000 GMT 10 May 88

[Excerpts] Asked about the Venezuelan businessmen's assertion that the amount of currency in the country has decreased, Minister of Finance Hector Hurtado has said this situation is the result of sudden oil price drops.

The private sector reportedly is constrained by a significant reduction of the country's liquidity. The minister, after discussing this with President Lusinchi at Miraflores Palace, said the less oil revenues received, the less money the country receives. [passage omitted]

To alleviate this situation, the Central Bank of Venezuela has lowered the interest rates at the money dealers' tables. As a result, currency flows to the banks, and they can place it on the market. The minister thinks this liquidity shortage could be corrected by an oil price increase, which would bring more revenues into the country, but that it would also be determined by the reaction of the national treasury.

The minister added that both the Central Bank of Venezuela and the government's economic cabinet are constantly analyzing the situation to seek alternate measures so priority areas, such as agriculture, are not affected.

Guyana

President Hoyte Leaves for UK, Belgium

FL1005184288 Bridgetown CANA in English 2035 GMT 7 May 88

[Text] Georgetown, Guyana, May 7, CANA—Guyana's President Desmond Hoyte left here on Saturday on a 10-day investment promotion trip that will take him to the United Kingdon and Belgium.

In the U.K., he will meet with senior representatives of British companies at a seminar organised by the West India Committee, hold talks with companies interested in investing in Guyana and meet with London-based Guyanese businessmen and nationals. Hoyte will also pay a courtesy call on British Prime Minister Margaret Thatcher.

The Guyanese leader will be in the U.K. until May 16 when he will leave for a one-day meeting in Brussels with senior officials of the European Community.

Suriname

Netherlands Lifts Suspension of Overseas Aid

FL1005162088 Hilversum International Service in English 1030 GMT 10 May 88

[Text] The Netherlands minister of development and cooperation, who is visiting Suriname, has told the country's leaders that Holland is lifting the suspension of overseas aid.

When Suriname, a former Dutch colony, became an independent republic, Holland pledged massive financial aid for a number of years. All the aid was suspended after the December 1982 killings of 15 political opponents by the Surinamese military regime. In November of last year, Suriname returned to civilian government.

Of $1.25 million in pledged aid, Suriname still has about $800 million [figure as heard] coming, but the Netherlands Government has warned that it does want a say in how these will be spent.

Military Police Headquarters Destroyed by Fire

FL1105122088 Bonaire Trans World Radio in English 1130 GMT 11 May 88

[Text] The headquarters of the Surinamese military police have been destroyed by a fire. The two-story military police offices at Fort (Zelandia), the Army headquarters at central Paramaribo, burned to the ground in the fire which started on Monday afternoon. The military police have been embroiled in allegations that they block civilian investigations into crime allegedly committed by the politically powerful Army, including arson attacks during the visit of Dutch Foreign Minister Hans van den Broek.